

CA20N

IT

-78051



3 1761 11894108 7

THE ONTARIO CONGRESS AND TRADE CENTRE:
A STUDY OF MARKET POTENTIAL, ECONOMIC
BENEFITS AND FINANCIAL OPERATING OUTLOOK

A Study Prepared For

The Ministry of Industry and Tourism
Province of Ontario

By

Gladstone Associates
Washington, D.C. USA

In Association With:

Frank Wolman Associates, Inc.
Econometric Research, Ltd.

CA20N
IT
- 78051

THE ONTARIO CONGRESS AND TRADE CENTRE:
A STUDY OF MARKET POTENTIAL, ECONOMIC
BENEFITS AND FINANCIAL OPERATING OUTLOOK

A Study Prepared For

The Ministry of Industry and Tourism
Province of Ontario

By

Gladstone Associates
Washington, D.C. USA

In Association With:

Frank Wolman Associates, Inc.
Econometric Research, Ltd.

Gladstone associates

Economic consultants

December 18, 1978

Mr. Steve Chen
Senior Tourism and Research Coordinator
Ontario Ministry of Industry and Tourism
5th Floor, Hearst Block
900 Bay Street
Toronto, Ontario, Canada M7A-2E6

Dear Mr. Chen:

We are pleased to submit with the letter a study which furthers the examination of an Ontario Congress and Trade Centre. The focus of the study is the market potential, expected visitor draw, economic benefits and financial operating outlook of a centre with 200,000 gross square feet of exhibit space and attendant meeting and support space, located in Downton Toronto.

In this study, a number of considerations central to the overall feasibility of the centre as proposed are evaluated. The study builds on prior research and design efforts for the proposed centre and, thus, addresses a centre of a specific size and at a specific location.

The findings and conclusions of this study indicate that the centre as proposed would be highly marketable and would attract a substantial number of new out-of-town visitors to Metro Toronto. It would also generate economic benefits of a magnitude potentially sufficient to offset capital and expected net operating costs.

We would like to acknowledge the assistance and support received throughout the course of this study. The Parkin Partnership provided support in terms of cost estimates and interpretation of the current design for the centre. The Ministry of Industry and Tourism provided invaluable assistance through access and use of their regional economic impact model in order to project the potential economic benefits which could accrue from a centre. Finally, research resources provided by the Convention and Visitors Bureau of Metropolitan Toronto have served as an important starting point for analyzing Metro Toronto's meeting, convention and trade show market dynamics and ability to draw prospective customers.

Mr. Steve Chen
December 18, 1978
Page Two

Based on the findings and conclusions of this study, it is our recommendation that the next step in moving the centre forward be a financing and management plan. The findings and conclusions of this study rest on a centre that is well marketed, well managed and constructed within current cost estimates. To assure these prerequisites are satisfied, examination of financing and management approaches and preparation of a management and financial plan for the centre is warranted, in our opinion. Neither a management nor a financing plan are presently in place to guide the centre to achieve potential market penetration and economic benefits.

It has been our pleasure to conduct this study for the Ministry of Industry and Tourism. Should the Ministry desire, we would be most pleased to any questions regarding the study. Further, we stand ready to be of assistance should further evaluation of any aspect covered in this study be desired.

Yours very truly,


GLADSTONE ASSOCIATES



J. Kevin Lawler
Senior Associate

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	i
<u>CHAPTER I: INTRODUCTION AND SUMMARY HIGHLIGHTS</u>	1
Introduction	1
Summary Highlights	2
 <u>CHAPTER II: MARKET POTENTIAL</u>	 9
Toronto's Performance in Attracting Events and Current Market Conditions	11
Existing Meetings and Facilities: Centres and Hotels	15
Scale and Characteristics of the Potential Market	17
• Canadian Sponsored Non-Local Events	17
• U. S. Sponsored Non-Local Events	19
• Local Events	22
Competitive Facilities	23
• Competitive Canadian Centres	24
• Competitive U. S. Centres	26
Estimated Booking Potential	29
• Build-up to Normalized Bookings	32
 <u>CHAPTER III: POTENTIAL VISITORS AND VISITOR EXPENDITURES</u>	 35
Visitor Potential	35
• Estimated Out-of-Town Visitation	36
• Length of Stay	42
• Incremental Increase in Visitation	45
 <u>CHAPTER IV: POTENTIAL ECONOMIC BENEFITS OF A CENTRE</u>	 58
Economic Benefits During Construction	59
Economic Benefits After Opening	63
• Employment	63
• Taxes	66
 <u>CHAPTER V: FINANCIAL OPERATING OUTLOOK</u>	 70
Projected Operating Revenues and Expenses	70
Financial Carrying Costs	74
Projected Operating Revenues	75
• Exhibit Space Rental Income	76
• Catering Commission Revenue	80
• Parking Revenue	80
• Exhibit Utility Services	82
• Miscellaneous	82



Digitized by the Internet Archive
in 2024 with funding from
University of Toronto

<https://archive.org/details/31761118941087>

TABLE OF CONTENTS (continued)

	<u>Page</u>
Projected Operating Expenses	82
<u>APPENDICES</u>	
Appendix A: Proposed Site and Design	A-1
Appendix B: Economic Impact of the Centre	B-1

CHAPTER I

INTRODUCTION AND SUMMARY HIGHLIGHTS

CHAPTER I
INTRODUCTION AND SUMMARY HIGHLIGHTS

Introduction

This study is an evaluation of the market potential, economic impact and financial operating outlook for the proposed Ontario Congress and Trade Centre. As proposed, the centre would be competitive in attracting Canadian based as well as U.S. sponsored conventions, trade shows and large meetings. In addition, it would seek to attract local entertainment activities and public shows that are likely to expand and require additional space in the years ahead.

This study builds on previous analysis of the prospects for an Ontario Congress and Trade Centre. In 1971, the firm of Laventhol, Krekstein, Horwath and Horwath prepared a study on the financial feasibility of a convention centre facility in Toronto for the Board of Trade. That study found that a centre of approximately 200,000 square feet of flat floor exhibit space and adequate ancillary support space located in the downtown would be feasible. In 1973, the architectural firm of John C. Parkin, Architects was retained by the Federal Department of Energy, Mines and Resources, the Ministry of Industry and Tourism and Metro Toronto. The Parkin study focused on site selection, program refinement, and preliminary design and cost estimates. In 1978 the Ontario Ministry of Industry and Tourism supported a review of a private sector site committee finding which indicated the Front Street location adjacent to the C. N. Tower was the most optimum location. The Parkin firm at this time reviewed preliminary design and cost estimates.

The purpose of this study has been to examine in depth the market supports for the proposed centre, then based on the expected market performance of the centre, to determine potential economic benefits (e.g. new employment

created and increased tax revenues generated from the centre) and to prepare a refined financial operating statement for the centre. A major consideration in the study has been the market outlook for the centre, particularly U.S. sponsored conventions, trade shows and large meetings since the enactment of Section 602 of the Tax Reform Act of 1976 which ostensibly limits the ability of U.S. sponsored events to meet frequently outside of the United States.

The study has been conducted by Gladstone Associates of Washington, D.C. Gladstone Associates is an international economic consulting firm with extensive experience in convention centre analysis, urban economic development, market and real estate investment analysis and allied fields. The firm of Frank Wolman Associates also served in a central capacity in analyzing the Canadian market component for the centre. Frank Wolman Associates is a management consulting firm specializing in tourism and feasibility studies for tourist related facilities. Econometric Research, Ltd. of Burlington, Ontario has also participated in the study, providing technical calculations of economic benefits in the Ministry of Industry and Tourism's regional economic impact model.

Summary Highlights

Summary highlights of principal findings and conclusions of the study are presented immediately following. Detailed analyses on the market potential, economic benefits and financial operating outlook are contained in the remaining chapters of this study.

Market Potential

A principal finding of the study is that the centre as proposed would be highly marketable to Canadian and U.S. sponsored conventions, trade shows and large meetings. Furthermore, the centre could expect to attract some local oriented bookings, principally entertainment activities and public shows which are likely to outgrow existing facilities in Metro Toronto for which space is not presently available. Finally, the proposed centre would not directly compete with existing exhibition facilities in Metro Toronto nor with existing hotels; it would result in attracting conventions, trade shows and large meetings which cannot now be accommodated in Metro Toronto or which are not likely to be accommodated within a ten year period.

Principal findings of the market analysis are as follows:

- At normalized booking, it is likely that the centre would attract between 47 and 66 events annually.

A large proportion of these events would be U.S. sponsored conventions, trade shows and large meetings requiring exhibit space as well as simultaneous meeting rooms. Canadian sponsored conventions, trade shows and large meetings would also represent a substantial portion of the business mix of the centre -- though the scale of this market segment is appreciably smaller.

- Conservatively, it is likely the centre would require a five year period to reach normalized booking potential. While similar sized convention centres in the United States have achieved a more rapid build-up in booking levels, foreseeable competition from the development of new centres both in Canada and the United States is likely to dilute the booking pace.
- The centre is likely to be highly competitive with existing and proposed facilities in Canada and in the United States. It would be the largest competitive centre in Canada and would be competitive with 10 to 12 centres existing or proposed in the United States in a comparable size range.

- Without the proposed centre, it is probable that conventions, trade shows and large meetings attracted to Metro Toronto would not grow as rapidly. An estimated 80 percent of the events booked in the centre after normalized bookings would be a net increase over business levels which could be achieved in Metro Toronto without a centre.
- Existing exhibition facilities in Metro Toronto, chiefly the Toronto International Commerce Centre and the Canadian National Exhibition as well as existing convention-oriented hotels are not suitable at present to accommodate the type of market anticipated for the centre. Existing exhibition facilities have limited meeting room capacity and are located at a distance from major convention-oriented hotel concentrations. Existing hotels, on the other hand have limited large single-area exhibit halls capable of accommodating the type of convention, trade show and large meeting user which would be available to the proposed centre.
- After an initial period of build-up, the centre would result in drawing an estimated 357,000 new non-local visitors to Metro Toronto annually. These visitors, in turn would stay in local hotels and generate substantial annual new spending, representing a major source of economic expansion to Metro Toronto and the Province of Ontario.

Economic Benefits

A corollary conclusion to the market potential of the proposed centre is that it would be a major source of economic expansion for Metro Toronto and the Province of Ontario. New out-of-town visitors drawn to the centre would represent a major stimulus to economic activity through overnight visits and associated retail and related spending. The principal economic mission of the centre would be to attract large out-of-town events. In addition, the centre would be a major employment and tax revenue generator during construction.

Principal findings relative to potential level of economic benefits of a centre are as follows:

- In today's dollars the anticipated direct construction outlay of \$51.2 million over a 4 to 5 year period would result in creating an estimated 1,125 jobs annually during the construction period. In the fourth year of construction employment would peak at slightly over 2,300 jobs, on site and indirectly, induced by construction spending. Slightly over 70 percent of the total jobs created during the construction period would occur in Metropolitan Toronto.
- Delegates and exhibitors drawn to events booked in the centre would spend nearly \$86.1 million annually by the time the centre reaches normalized occupancy. Spending would occur in the public transportation, hotel accommodations, food and beverage, amuse/recreation, service stations and retail/miscellaneous sectors. U.S. sponsored conventions, trade shows and large meetings would contribute the largest share of new spending, 88 percent.
- In addition to spending by delegates and exhibitors drawn to the centre, events booked into the centre would generate additional spending. Local production and business spending by these events is estimated at nearly \$3.8 million annually by the time the centre reaches normalized market potential. Local production and business spending would include outlays for advertising, catering, local transportation and exhibit contracting.
- New spending by delegates and exhibitors drawn to the centre would create a significant number of new jobs. In the first year of operation the centre would result in the creation of 4,870 new jobs in the Province. By the fifth year of operation, delegate exhibitor spending as a result of events booked in the centre would be responsible for creating 12,840 jobs. The majority of these new jobs would be in Metro Toronto -- an estimated 82 percent.
- In addition to employment increase, the centre would result in generating a substantial tax flow to the Federal, Provincial and municipal levels of government. By the fifth year of operation, an estimated \$48.7 million in annual tax revenues would accrue as a result of delegate and exhibitor spending. The Federal Government would be the

major recipient, receiving 65 percent of the tax flow annually, followed by the Provincial Government with 33.2 percent and with Metro Toronto receiving the smallest proportion, 1.8 percent. As tax revenues have been estimated prior to redistribution, the Provincial and metro shares, are therefore, understated.

Financial Operating Outlook

The final major conclusion of this study is that the centre is not likely to operate at a break even position. It would have a financial operating pattern similar to most comparable facilities in the United States -- an operating deficit before debt service.

Convention centres in the United States and in Canada similar to the proposed centre for Toronto, are typically operated as a public enterprise. Rental rates and other revenue sources are priced to be competitive and attract non-local business, thereby, generating a level of economic benefit consistent with the capital costs of the facility.

Principal findings of the evaluation of operating costs and revenue are as follows:

- Prior to reaching normalized booking in the fifth year of operation, the centre is likely to incur an annual operating deficit. In the first year of operation this could amount to as much as \$.8 million. In the third year of operation an operating deficit of slightly less than \$.6 million could be expected.
- By the fifth year of operation the operating deficit would likely stabilize at \$200,000 to \$250,000 annually. Depending on the booking mix and level of bookings achieved, this operating deficit could be reduced, though the probability of operating at a break even or better position in each year is low.

- In addition to an operating deficit, capital costs of the facility would need to be funded independently. Annual debt service is estimated at approximately \$6.5 million over a 21 year period. Annual debt service to retire capital costs of the centre could change, depending on the final method of financing selected for the centre.
- Rental rates for exhibit space and meeting rooms as well as other revenue sources projected for the centre are priced competitively with local exhibition facilities (TICC and CNE) as well as major comparably sized convention centres in the United States. To the extent that rental rates are increased to improve the financial operating performance of the centre could result in diminished market and booking potential.
- Projected net operating costs for the centre are similar with major comparable sized convention centres in the United States. A line-by-line operating cost analysis has been prepared for the centre, indicating annual operating expenses in the order of \$2.2 million annually of which projected revenues would cover approximately 90 percent.
- Parking is a major revenue source which could affect the annual financial operating performance of the centre. Tentatively, capital costs for parking would be funded in part by the Toronto Parking Authority and the centre would share net parking revenues. If structured differently than presently contemplated, the financial operating performance of the centre could improve or decline accordingly.

Findings and conclusions presented in this study rest on a centre that is well designed, well managed and well marketed. The basic conclusion of this study is that Metro Toronto is a highly desirable location for conventions, trade shows and large meetings. Even with current restrictive U.S. tax legislation, Section 502 of the Tax Reform Law of 1976, Toronto repeatedly ranks high in the preference of U.S. sponsored conventions. Further, Metro Toronto has already successfully penetrated the Canadian sponsored convention market. A centre would at a minimum maintain the Metro's current market position and more likely increase the number of events

and the frequency with which they are drawn to Metro Toronto each year. This market potential would in turn create economic benefits at a level which could potentially offset public capital investment in the centre.

CHAPTER II

MARKET POTENTIAL

CHAPTER II

MARKET POTENTIAL

This chapter contains an analysis of the potential market for the proposed convention centre. Market potential has been considered in terms of:

- The number and type of events which the centre could "book" annually,
- The competitive position of the centre vis-a-vis existing facilities in Toronto, and other centres in Canada and the United States, existing or proposed.

Several different market segments have been identified for the centre. These are organized by point of origin and type of event as follows.

Local Events, which consist of:

1. Public Shows: Product or industry shows open to the general public for the purpose of displaying new products and ideas in a large exhibit hall. Public shows predominately cater to local and regional audiences.
2. Entertainment: Events, primarily concerts, which generally have one or two performances requiring portable riser seats in the exhibit hall. These draw mainly a local audience.

Non-Local Events, which include those of Canadian or U.S. sponsorship:

1. Conventions: Typically sponsored by an association and requiring extensive exhibit space and simultaneous meeting room and banquet areas. These traditionally rotate from city to city on an annual basis.

2. Trade Shows: Oriented to buyers and sellers within an industry, these events require extensive exhibit space for displays. These are typically sponsored by a professional "trade show" manager of an organization allied to the buyers or sellers. Usually, trade shows do not rotate city to city but can be held in different cities at various times of the year.
3. Large Meetings: Chiefly the annual meeting of a large fraternal, political, religious or labor union organization which requires a large meeting area with extensive seating and only modest exhibit space requirements. These generally rotate from city to city and draw delegates from substantial distances.

These market segments form the basic framework for assessing the market potential for the proposed centre in Toronto. The market potential for each of these market segments, has been determined through the following steps:

Step I: Evaluation of Metro Toronto's Performance in Attracting Market Segments and the Characteristics of These Segments.

The recent level of activity in Toronto for local and non-local events, particularly U.S. sponsored conventions, trade shows and large meetings, is a baseline for determining the desirability as well as the potential for expansion of current business volumes.

Step II: Analysis of The Potential to Increase Market Penetration or Expansion.

The proposed centre would be substantially different than facilities now available in Toronto. Accordingly, the scale and market potential of attracting events which cannot now be staged in Metro Toronto, either local or non-local as well as the future growth of existing events, has been analyzed to determine the market potential of the proposed centre.

Step III: Assessment of the Competitive Position of the Proposed Centre.

As defined, the centre would seek to attract local and non-local market segments. Accordingly, local facilities have been analyzed in terms of their current competitiveness and other major convention centres in the Canadian Provinces and in the U.S. have been analyzed in term of their attractiveness vis-a-vis a centre in Metro Toronto. Included in this assessment has been a review of the probable implication of Section 602 of the U.S. Tax Reform Law of 1976 in booking U.S. sponsored conventions, trade shows, and large meetings.

Step IV: Determination of Market Penetration and Booking Potential.

Based on the scale of the market for each segment considered for the proposed centre, market penetration and booking potential has been estimated by type of event and by origin of sponsorship. Included here is an estimate of the annual booking potential of the centre over a five year period. Booking potential has been estimated in a range to reflect the various conditions which could effect marketing the centre. Also, the incremental increase in events attributable to the centre has been determined in this step.

1. Toronto's Performance in Attracting Events
and Current Market Characteristics

Metropolitan Toronto is presently the most populous city in Canada. It is also the financial, institutional and commercial capital of Canada.

As of mid 1978, the population of metropolitan Toronto was 2.85 million -- approximately 12 percent of Canada's total population and 34 percent of the Province of Ontario's population.

Metro Toronto's desirability as an entertainment and convention, trade show and meeting location, is in part attributable to its prominence in the Canadian economy and, in part, because of its central location, physical attractiveness and low incidence of crime.

Table 1, below, portrays the number of conventions, corporate meetings, trade shows, public shows and large meetings held in Toronto between 1974 and 1978.

Table 1. NUMBER OF MEETING AND EVENTS
METRO TORONTO
1974-1978

<u>Year</u>	<u>Total Events</u>	<u>Total Attendance</u>
1974	494	284,599
1975	501	266,046
1976	479	212,502
1977	490	221,407
1978	643	314,334

Source: Annual Reports 1974-1977, Convention and Tourist Bureau of Metropolitan Toronto; 1978 statistics are estimates based on current bookings.

Overall, the number of events has grown by slightly more than 30 percent over this five year period. Attendance, on the other hand has grown more modestly, rising from nearly 285,000 in 1974 to nearly 314,300 in 1978 -- an increase of 10.5 percent. Between 1974 and 1978 the number of events held and total attendance reflects a pattern found in other Canadian and

and U.S. major event meeting cities -- a cyclical pattern of growth in relation to the performance of the national economy. However, the overall pattern for Metro Toronto has been a steady increase in the number of events and annual attendance.

A major component of the Metro Toronto event market has been U.S. sponsored non-local events -- conventions, trade shows and large meeting. Metro Toronto has already successfully penetrated the North American meeting market, especially rotating U.S. conventions and large meetings. Since 1974, Metro Toronto attracted an average of 81 U.S. sponsored events annually. The number of U.S. sponsored non-local events peaked in 1976 prior to the enactment of Section 602. Based on the number of U.S. sponsored non-local events booked in Toronto as of September 1978, it appears that the long term impact of Section 602 is not likely to be as deep as was the initial decline in U.S. business. Table 2, below, summarizes the level of U.S. sponsored events in Metro Toronto between 1974 and 1978.

Table 2. NUMBER OF U.S. SPONSORED EVENTS
IN METRO TORONTO

<u>Year</u>	<u>Total Number Of All Events</u>	<u>U.S. Sponsored Events^{1/}</u>	
		<u>Number</u>	<u>Percent of Total</u>
1974	494	60	12%
1975	501	87	17%
1976	479	105	22%
1977	490	73	15%
1978 ^{2/}	643	66	10%
Average 1974-77	521	78	15%

^{1/} Includes conventions & large meetings.

^{2/} As of September 1978.

Source: Annual Reports 1974-77, Convention and Tourist Bureau of Metropolitan Toronto.

The importance of U.S. sponsored non-local events is demonstrated by the substantial out-of-town visitation to Metro Toronto. In contrast to the number of events, U.S. sponsored conventions, trade shows and large meetings have drawn between approximately 30 to 40 percent of the total visitation attributable to meeting activity in Metro Toronto. Table 3, below, portrays attendance at U.S. sponsored events held in Metro Toronto between 1974 and 1978.

Table 3. ATTENDANCE FOR U.S. SPONSORED EVENTS
IN METRO TORONTO

<u>Year</u>	<u>Attendance to</u> <u>U.S. Sponsored Events</u> ^{1/}	<u>U.S. Visitors as a</u> <u>Percent of Total Attendance</u> <u>to All Events in Toronto</u>
1974	79,862	26%
1975	113,721	43%
1976	62,269	29%
1977 ^{2/}	86,118	39%
1978 ^{2/}	NA	NA
Average 1974-77	85,492	--

^{1/} Includes conventions & large meetings.

^{2/} As of September 1978.

Source: Annual Reports 1974-1977, Convention and Tourist Bureau of Metropolitan Toronto.

On average, U.S. sponsored non-local events meeting in Metro Toronto have drawn 1,000 out-of-town visitors per event. At this attendance level they have required meeting and exhibition space in existing hotels. Metro Toronto has yet to deeply penetrate major U.S. conventions and trade shows -- those requiring

over 50,000 square feet of exhibit space and drawing an attendance of well over 5,000 delegates and exhibitors.

In addition to non-local events (Canadian and U.S. sponsored) entertainment activity in Metro Toronto is substantial. A review of entertainment bookings indicates over 300 different types of events are staged annually in Metro Toronto.

2. Existing Meeting Facilities: Centres and Hotels

For the market segments identified for the proposed centre, there are three types of facilities currently in Toronto which book these types of events. These are:

- Exhibition centres such as the Toronto International Commerce Centre and the Canadian National Exhibition.
- Existing hotels with meeting rooms and exhibit space.
- Existing entertainment facilities, such as the O'Keefe Centre, Maple Leaf Gardens etc.

Existing Exhibition Facilities. The Toronto International Commerce Centre (TICC) and the Canadian National Exhibition (CNE) are the principal exhibit space facilities in the Toronto Metropolitan area. TICC contains 230,000 gross square feet of exhibit space and is privately owned. The CNE contains 750,000 gross square feet of exhibit space (349,700 in the largest hall) and is publicly owned.

Both centres chiefly book trade and public shows. Meeting space is limited in both facilities -- TICC has a total of 10 meeting rooms and CNE has only a few. Neither are well suited to attract large conventions with simultaneous exhibition and meeting room requirements.

Existing Convention Hotels. There are approximately 32 first class hotels in the Toronto Metropolitan area, comprising 15,000 rooms. Of these, approximately 9,000 rooms are located in 12 downtown hotels.

Only 3 hotels in the metropolitan area have substantial exhibit space to accommodate major conventions. These are the Royal York, the Sheraton Centre and the Harbour Castle Hilton. The maximum exhibit area available in a single room in existing hotels is 25,000 square feet. For this analysis, this is considered the "floor" from which potential for the proposed centre has been analyzed.^{1/}

Entertainment Facilities: At present, entertainment events are staged at four major facilities:

Convocation Hall (University of Toronto)	1,600 seats
Massey Hall	2,700 seats
O'Keefe Centre	3,100 seats
Maple Leaf Gardens (concert hall)	8,000-10,000 seats
Maple Leaf Gardens (full seating)	16,000-18,000 seats

With these facilities there is a market gap in available seating capacity and availability of booking dates. Medium to moderate sized entertainment activities, principally rock shows in the size range of 6,000 to 8,000 seats, currently cannot be staged in Metro Toronto. Further, the entertainment market is constrained from expanding as the Maple Leaf Gardens concert hall is not readily available to "book" additional entertainment events.

The opening of the new Massey Hall -- to be located near to the proposed centre -- will provide seating for approximately 3,000, yet is not expected to fill the current market gap. In addition, this facility is to be used chiefly for the Toronto Symphony Orchestra.

^{1/} The size of the main exhibit hall in the three principal convention oriented hotels is as follows: Royal York - 13,320 square feet, Sheraton Centre - 19,500 square feet and Harbour Castle Hilton - 25,000 square feet.

3. Scale and Characteristics of the Potential Market

From the review of current local and non-local event activity in Metro Toronto, target markets have been identified as follows:

Non-Local Events, consisting of two types relative to the point of origin and sponsorship:

- Canadian Sponsored Non-Local Events: Conventions trade shows and large meetings currently requiring 25,000 gross square feet of exhibit space, as well as non-local events now requiring between 15,000 and 25,000 gross square feet and expected to grow in space requirements to over 25,000 gross square feet within 10 years.
- U.S. Sponsored Non-Local Events: Conventions, trade shows and large meetings requiring over 25,000 gross square feet and for which Toronto would represent a likely prospect on the booking circuit.

Local Events, entertainment and public shows which cannot be staged now in existing facilities because of unsuitable size (too large or too small) or which are likely to outgrow existing facilities, within the next 10 years.

In order to scale these potential markets for Metro Toronto, all available publications identifying local and non-local events have been reviewed.

Local and non-local events have been selectively surveyed. These sources, coupled with interviews with industry representatives, have been analyzed and findings and conclusions drawn. These findings and conclusions are set forth following by point of origin and type of event.

Canadian Sponsored Non-Local Events

As defined previously, Canadian non-local event market segments consist of three types: conventions, trade shows and large meetings.

Canadian Sponsored Conventions. There are approximately 22 Canadian sponsored conventions rotating between major Canadian cities which require a minimum of 25,000 gross square feet, or are likely to require this amount of space

within the next 10 years.^{1/} These Canadian sponsored conventions possess the following characteristics:

- Based on past growth rates, in terms of exhibit space requirements and attendance, these 22 are likely to grow at a rate of 4 to 7 percent annually over the next 10 years.
- On average, Canadian sponsored conventions which represent the target market for the proposed centre would attract an average attendance of 2,000 per event. Approximately 9 percent would draw less than 1,000 delegates per event and only two would draw over 5,000.
- Nine of the twenty-two Canadian sponsored conventions meet in 3 months - February, October and November. December and January are lean meeting months, with only one of the Canadian sponsored conventions meeting during this period. In the remaining months, meeting activity is about evenly distributed.

Trade Shows. There are more than 15 major Canadian sponsored trade shows produced annually in Canada.^{1/} Less than 5 of these rotate from city to city. Eight of the Canadian sponsored trade shows are now Toronto based and of these 7 are produced annually.

Toronto based trade shows, representing a potential market for the proposed centre have the following characteristics:^{2/}

- An average of 100,000 gross square feet of exhibit space.
- A meeting month most likely between January and May, or September and December.
- An average attendance of 8,000 to 10,000 delegates, staying 1 to 2 days and exhibitor and personnel staying 3 to 4 days (excluding set up and tear down time).
- An out of town attendance draw of 50 percent of the total delegate attendance per event.

^{1/} As identified by examination of: (1) Trade Show/Convention Guide 1978, Budd Publications, (2) Canadian Industry Shows and Exhibitions 1978, MacLean Hunter Business Publications (3) Convention Reports, Metropolitan Toronto Convention and Visitors Bureau.

^{2/} Indepth interviews with Southex Exhibitors, Industrial Trade Shows of Canada, Harold Shield Inc. and Ontario Marketing Productions, Inc.

Large Meetings. There are few Canadian sponsored non-local events in this category -- fraternal, religious, labor unions and groups, meeting annually. Discussions with knowledgeable industry sources and available publications indicate that there are 12 to 16 Canadian sponsored large meetings which meet regularly. Their characteristics are:

- An average attendance of 4,000 delegates.
- A modest exhibit space requirement through a need for portable risers in an exhibit hall.
- An average length of stay of 3 to 4 days, depending upon location.

U.S. Sponsored Non-Local Events

Similar to Canadian sponsored non-local events, those originating in the United States consist of three types: conventions, trade shows and large meetings. The scale of the market for these U.S. non-local events is reviewed following.

Conventions. There are over 300 U.S. sponsored conventions which rotate from city to city each year and require a convention center, either because of exhibit space requirements or meeting room requirements.^{1/} The overall scale of the U.S. convention market is well over 10,000 events annually. However, most of these do not require a convention centre in the size-class contemplated for Metro Toronto.

In order to ascertain the number of U.S. sponsored conventions which would likely be attracted to Toronto out of those that require such a convention

^{1/} As identified through an indepth examination of: (1) Directory of Conventions, 1976 and 1978, Successful Meetings, New York, N.Y., (2) Handbook Schedule of Conventions, Health Care Exhibitors Association, Inc., Birmingham, Alabama, (3) 1976/1977 Directory of United States Trade Shows, Expositions and Conventions; U.S. Department of Commerce, Washington, D.C. (4) Trade Show/Convention Guide 1978, Budd Publications, New York, New York.

centre, a selected survey^{1/} has been conducted yielding the following findings:

- That, approximately 55 percent of the U.S. sponsored conventions meeting annually in centres of similar size to that proposed in Metro Toronto could be attracted to Metro Toronto on a regular cycle and another 10 to 15 percent would come to Metro Toronto less frequently.
- That, U.S. sponsored conventions which rotate annually, and require exhibit space which have Canadian membership are the most probable convention market for Toronto.
- That, Section 602 of the Tax Reform Act of 1976, is a minor concern, but customs requirements and the cost of staging an event in Metro Toronto are perceived as constraints.^{2/}

Based on this survey, the U.S. sponsored convention market which potentially would book a centre, has been scaled at 180 to 200 events. The characteristics of these events are:

- U.S. sponsored conventions which would potentially book a centre in Metro Toronto would require 88,000 gross square feet of exhibit space, on average. By 1987 exhibit space requirements are anticipated to grow by 10 percent, on average.
- U.S. sponsored conventions would draw 8,500 delegates, on average. A few U.S. sponsored conventions would draw over 15,000 delegates.
- U.S. sponsored conventions primarily meet in March through November. Less than 20 percent of the U.S. sponsored conventions that are identified as "candidates" for Toronto meet in the November through February period.

Trade Shows. There are currently over 150 U.S. sponsored trade shows meeting either in the United States or Canada. Most of these are not a

^{1/} A telephone survey of 25 of the over 300 U.S. sponsored conventions identified during this study. The 25 interviewed were selected through a stratified sampling.

^{2/} This conclusion was also reached in a study entitled "Effect of the New U.S. Tax Reform Law of 1976 on Holding Conferences/Conventions in Canada" by Marion Schoot for the Canadian Government, Office of Tourism.

potential market for the proposed centre. Many of these trade shows are "annuals", staged at a specific location each year and thus are not likely to transfer to Toronto.^{1/} Exhibit space requirements also limit penetration of this market segment. At least one third of the trade shows now produced in the United States require more than 200,000 gross square feet of exhibit space.^{2/} Finally, most U.S. trade shows have Canadian counterparts though on a smaller scale. Therefore, it is likely that a U.S. sponsored trade show would directly compete with a counterpart presently produced in Metro Toronto.

Based on discussions with professional U.S. based trade show managers, the U.S. sponsored trade show market potential has been scaled at:

(1) between 8 to 10 trade shows which are currently rotating and could book Toronto as one of the cities on the "circuit", (2) between 4 to 6 shows which might be staged at the centre over time, assuming these are not produced by Canadian show management firms. Characteristics of these trade shows are:

- An average exhibit space requirement of 100,000 to 150,000 gross square feet.
- An average exhibit space requirement of 100,000 to 150,000 gross square feet.
- A Spring or Fall meeting date.
- An average attendance of 8,000 to 10,000 delegates, staying 1.5 days and an average of 700 to 1,000 exhibitors per event, staying 3 to 4 days, not including set up and tear down.
- An out-of-town visitation draw of 45 percent of the total attendance.

^{1/} This conclusion is drawn from extensive discussions with professional trade show management firms: The Charles Snitow Organization, Little Brothers, Inc. and Thalhiem Productions.

^{2/} As reported in Trade Show 150, 1978.

Large Meetings. The number of U.S. sponsored large meetings which rotate city to city and could be attracted to Toronto has been scaled at 35 to 40 events. These U.S. sponsored large meetings typically have an international membership and a delegation size of at least 4,000 but not over 25,000. Delegations with less than 4,000 are not likely to book the centre and delegations over 25,000 are not likely to find a block of hotel rooms available to accommodate members in Metro Toronto. Meeting characteristics of U.S. sponsored large meetings essentially available for a centre are as follows:

- An average attendance of 13,300, with slightly less than 40 percent drawing an attendance of over 15,000 delegates.
- An average exhibit space requirement of 43,500 gross square feet, primarily to be used for "congress" sessions on portable riser seats.
- An average length of stay of 3 to 4 days and a negligible exhibitor draw.

Local Events

Local events -- public shows and entertainment productions -- are already well established in Metro Toronto. The proposed centre is not anticipated to create a demand for new local events. Rather, existing local events could be better accommodated or current market gaps filled by the proposed centre.

Public Shows. There are 18 public shows currently staged in Metro Toronto. Not all of these are potential candidates for the proposed centre. An estimated 1 to 2 of the existing public shows are likely to transfer to the centre due to anticipated growth or unsuitability of existing facilities. An additional 2 shows, specifically created in response

1/ This conclusion is drawn from extensive interviews with Southex Exhibitors, Industrial Trade Shows of Canada, Harold Shield Inc. and Ontario Marketing Productions, Inc.

to new products, new technology or changing markets would represent an additional booking potential for the centre.^{1/} The characteristics of these shows are estimated to be as follows:

- an average exhibit space requirement of at least 150,000 gross square feet.
- An average attendance of 35,000, primarily drawn from Metro Toronto.

Entertainment. Four major facilities now accommodate major entertainment events in Metro Toronto. These facilities, according to discussions with local entertainment promoters, are either under or over sized for medium concerts of 6,000 to 8,000 patrons. Further, some facilities are fully booked and have limited or no dates to book in additional entertainment events.

From interviews with locally based entertainment promoters,^{2/} it is estimated that 25 new entertainment events would be created to book the proposed centre, if adequate portable seating is available. These events would be of 1 to 2 days duration in the evening and would attract an audience of 6,000 to 8,000, on average.

4. Competitive Facilities

The proposed centre would compete for the market segments identified as potentially available with three types of facilities:

- Existing or proposed convention/exhibition centres in Canada.
- Existing or proposed U.S. convention centres in the size class of 200,000 to 350,000 gross square feet.

^{1/} These conclusions are drawn from extensive interviews with Soutex Exhibitors, Industrial Trade Shows of Canada, Harold Shield Inc. and Ontario Marketing Productions Inc.

^{2/} By Frank Wolman Associates, Inc.

The centre is not likely to directly compete with local hotels for convention/trade show business nor with existing entertainment facilities. Market segments identified for the centre are not likely to be accommodated by local convention hotels or in the case of local events with existing entertainment facilities because of seating capacity differences.

Competitive Canadian Convention Centres

Presently there are only three Canadian cities with pure convention centres. These are Calgary, Winnipeg and Quebec City. Toronto and Montreal do not have a convention centre. They do, however, have major exposition facilities. Table 4 summarizes the basic characteristics of existing Canadian convention and exposition facilities.

Compared to these existing facilities, the proposed Ontario Congress and Trade Centre would be unique. It would be the largest convention centre in Canada. Existing Canadian convention centres in Calgary, Winnipeg and Quebec City would have a smaller exhibit space capacity.

Further, exposition facilities in Montreal (the Place Bonaventure) and Toronto (the TICC and CNE) are not now designed to accommodate the wide range of market segments available to the proposed centre. These facilities are primarily oriented to trade show/expositions. They contain only minimal meeting rooms and support facilities needed to attract large conventions with exhibit space requirements and entertainment events.

The proposed Ontario Congress and Trade Centre would also be larger than several centres now in a proposal or pipeline stage in other Canadian cities. Table 5 summarizes the location and size of centres now planned for other Canadian cities. Of these, only Vancouver and Montreal would be

COMPETITIVE CANADIAN CONVENTION AND EXPOSITION FACILITIES

Table 4.

	CONVENTION CENTRES			EXPOSITION CENTRES		
	Calgary Convention Centre	Winnipeg Convention Centre	Quebec City Convention Centre	Montreal Place Bonaventure	TICC	CNE
	Public	Public	Public	Private	Private	Public
Ownership						
Total Exhibit Space (GSF)	52,000	122,300	30,000	217,000	230,000 ^{1/}	750,000
Max. Exhibit Space - Single Floor (GSF)	23,740	78,000	30,000	200,000	230,000	349,720
Number of Meeting Rooms	10	21	14	9	10	-
Capacity of Largest Meeting Room	240	2,500	3,500	150	500	-
Parking	NA	2,000	2,000	8,000	4,000	7,000

^{1/} Proposed expansion to 275,000 gross square feet.

Source: Official Meeting Facilities Guide, Ziff-Davis Publishing, New York, 1977; Canadian Industry Shows and Exhibitions, MacLean-Hunter Ltd., Toronto, 1978; Meetings and Conventions, Ziff-Davis Publishing, New York, March 1978.

of a size to be competitive with a centre as proposed for Metro Toronto.

Table 5.

Table 5.

PROPOSED CANADIAN CONVENTION CENTER

<u>Location</u>	<u>Size of Main Exhibit Hall (gross square feet)</u>
Vancouver	120,000
Edmonton	50,000
Hamilton	20,000
Ottawa-Hull	30,000
Hull	28,000
Montreal	100,000

Source: Frank Wolman Associates Survey, Fall 1978.

Competitive U.S. Convention Centres

In the United States, convention centres in the size-class proposed for Metro Toronto are more common. Most major U.S. cities have a convention facility or are contemplating the construction of one.

Table 6 identifies the major U.S. cities which have convention centre facilities and regularly attract U.S. sponsored conventions identified as potentially available to "book" a centre in Metro Toronto:

Table 6.

COMPETITIVE U.S. CONVENTION CENTERS
IN THE SIZE CLASS COMPARABLE TO
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

<u>Location</u>	<u>Name</u>	<u>Exhibit Area (CSF)</u>	<u>Number of Meeting Rooms</u>
Anahiem, California	Anahiem Convention Center	210,000	40
Atlanta, Georgia	Georgia World Congress Center	350,000	32
Detroit, Michigan	Cobo Hall	404,000	50
Kansas City, Missouri	Kansas City Convention Center	300,000	50
Los Angeles, California	Los Angeles Convention Center	265,000	21
New Orleans, Louisiana	Rivergate Center	135,000	14
Philadelphia, Pennsylvania	Philadelphia Civic Center	385,000	30
St. Louis, Missouri	St. Louis Convention and Exhibition Center	240,000	54

Source: Annual Major Exhibit Hall Directory, 1977 and Gladstone Associates Survey, September 1978.

Of the eight cities identified with competitive centres, two are judged to be less competitive -- Detroit and Philadelphia because of older and inadequately designed facilities.

In addition to the eight cities identified with competitive centres, several other cities have major convention centre facilities. These are: Chicago with McCormick Place, Dallas with the Dallas Convention Center and Las Vegas with the Las Vegas Convention Center. These centres have over 500,000 gross square feet in exhibit space and are not likely to be directly competitive as they book the larger U.S. and international exhibit space users.

Several U.S. cities are in the process of building centres or are proposing to build centres. Most of these centres are likely to be highly competitive with Metro Toronto when opened. In particular, centres in San Francisco and Washington, D.C. are likely to be as desirable as the proposed Ontario Congress and Trade Centre due to location and design. A centre proposed for New York City with 750,000 gross square feet of exhibit space, on the other hand, is not likely to compete for the market segments identified for the proposed centre in Toronto. If built, the New York City Convention Center would attract the largest conventions and trade shows -- those which could not be accommodated in Toronto because of exhibit space and meeting requirements.

Table 7 summarizes the status of centres proposed or planned in U.S. cities. At present, there are likely to be at least 10 and perhaps as many as 12 U.S. cities with convention centres or adequate exposition space in major hotels which would be competing for U.S. sponsored conventions, trade shows and large meetings against a centre in Metro Toronto.

Table 7. PLANNED OR PROPOSED CONVENTION CENTRES
IN THE UNITED STATES

<u>Location</u>	<u>Proposed Size (Gross Square Feet)</u>	<u>Current Status</u>
Atlantic City, N.J.	357,750 Renovation Program	Undergoing Financing Feasibility Review & Depends on Continued Development of Casino Hotels
Atlanta, Georgia	350,000 Expansion	Pending State Approval
New Orleans	300,000+	Searching for a Strategy to Expand Existing Center.
New York City	750,000	Pending Financing Plan Approval, now in State Legislature
San Diego	250,000	Awaiting Financing Decision Keyed to Hotel Commitments
San Francisco	280,000	Under Construction
Washington, D.C.	278,000	Funding Approved Detailed Design and Site Acquisition Underway

Source: Gladstone Associates November 1978.

Metro Toronto's position in this competitive environment will ultimately depend on the final design, the effective marketing and the tight management of a centre.

5. Estimated Booking Potential

An estimate of the annual booking level of the proposed centre has been made by individual market segment and type of event. Table 8, below, summarizes the annual booking potential of the proposed centre at normalized booking level. Booking potential by type of event has been expressed in a range, reflecting the conditions associated with realizing booking forecasts.

Table 8. ESTIMATED BOOKING POTENTIAL
AT NORMALIZED OCCUPANCY ^{1/}
THE ONTARIO CONGRESS AND TRADE CENTRE

<u>Market Segment</u>	<u>Scale of Market</u>	<u>Annual Booking Potential</u>
<u>Non-Local</u>		
<u>U.S. Sponsored</u>		
Conventions	180-200	15-19 Events
Trade Shows	20-30	1-2 Events
Large Meetings	25-40	1-3 Events
Subtotal		17-24 Events
<u>Canadian Sponsored</u>		
Convention	10-22	3-4 Events
Trade Shows	25-30	6-9 Events
Large Meetings	3-5	1-2 Events
Subtotal		10-15 Events
<u>Local</u>		
Public Shows	18-23	5-7 Events
Entertainment	--	15-20 Events
Other	--	--
Subtotal		20-27 Events
Grand Total		47-66 Events

^{1/} After several years of build-up.

Source: Frank Wolman Associates and Gladstone Associates.

It is estimated that a centre in Metro Toronto could book 47 to 66 events annually, after an initial period of build-up. U.S. sponsored non-local events, chiefly conventions, could constitute approximately 36 percent of the annual "bookings" of the centre. Canadian sponsored non-local events would be more modest at an estimated 10 to 15 events annually or approximately 22 percent of the booking potential. Local shows would constitute the balance of the annual booking potential. Entertainment activities (e.g. rock shows) would constitute a major source of business as measured in terms of bookings.

Several approaches have been used to prepare estimated booking potential. Each of these approaches has been related to the type and source of customers identified as a market segment for the proposed centre.

1. For U.S. Sponsored Conventions and Large Meetings:

- A selected survey of potential customers was conducted and indicated that of the 180-200 identified most would probably book the centre about once every seven years. However, when compared with past rotation patterns this response appeared high, and was adjusted to a range of once every 10 to 12 years, yielding an annual penetration rate of 8 to 10 percent.
- A review of competitive U.S. centers, based also on survey responses, indicated that by the mid 1980's there will be 10 to 12 centres in the size-class as proposed for Toronto, which would be competitive. If all of these centres are constructed, they were competitive due to available facilities, available booking dates or rotation patterns of the U.S. convention and large meeting market, then an average annual penetration rate of 8 to 10 percent could be achieved.

2. For U.S. Sponsored Trade Shows:

- Interviews with professional trade show firms indicate that there are perhaps one to two U.S. sponsored trade shows which could be booked into Metro Toronto. While

Metro Toronto would have a drawing power similar to New York City -- now a major trade show location in the United States -- the already established trade show industry in Toronto indicates a diminished potential for this market segment.

3. For Canadian Sponsored Convention and Large Meetings:

- By the mid 1980's there are expected to be only five or six Canadian cities with convention centres of at least 25,000 gross square feet of exhibit space. Based on past rotation patterns of Canadian sponsored conventions and large meetings, it is estimated that Metro Toronto would draw between 16 and 20 percent of the available market scale, annually.

4. For Canadian Sponsored Trade Shows:

- Metro Toronto is already the major trade show location in Canada. Analysis of existing trade shows in Metro Toronto and in-depth discussions that only a few trade shows would likely to transfer if a new facility becomes available. In addition, the proposed centre would likely attract one to two new shows created in response to changing technology, products or market conditions.

5. For Local Public Shows and Entertainment Activities:

- Review of existing business patterns indicates selective market gaps in terms of size or available booking dates. Based on this review as well as in-depth discussions with managers and producers of entertainment events, an estimated annual booking potential of these market segments has been made. 1/

Build-Up to Normalized Bookings

It is not anticipated that the centre in Metro Toronto would achieve normalized bookings in the first year after opening. Conventions, trade shows, large meetings, and public shows precommit to book a centre several years in advance. For larger events, the pre-booking may be as long as five years in advance.

1/ Conducted by Frank Wolman Associates.

To estimate the timeframe to reach normalized occupancy, the experience of two comparable U.S. centres has been reviewed. Table 9, below, summarizes the build-up in bookings achieved in two recently opened centres in the United States.

Table 9.	<u>Atlanta</u>		<u>St. Louis</u>
Exhibit Space	350,000 s.f.		240,000 s.f.
Year Opened	1976		1977
<u>Bookings</u>	<u>1977</u>	<u>1978</u>	<u>1978</u>
Non-Local:			
Conventions	24	27	27
Trade Shows	7	13	6
Subtotal	<u>31</u>	<u>40</u>	<u>33</u>
Local:			
Entertainment	--	--	--
Public Shows	4	5	24
Speciality Shows	2	3	--
Subtotal	<u>6</u>	<u>8</u>	<u>24</u>
TOTAL BOOKINGS	<u>37</u>	<u>48</u>	<u>57</u>

Source: Booking lists, The Georgia World Congress Center and the St. Louis Convention and Exposition Center.

Both centres demonstrate a continued build-up in occupancy. After two years of operation, the Georgia World Congress Center is near the bottom end of the range of bookings projected for the proposed Ontario Congress and Trade Centre. In contrast, the St. Louis Center opened with a heavy booking load of 57 events in the first year. Many of these events, however, are locally oriented, public shows, and are not anticipated to be a major market segment for the proposed centre in Toronto.

Based on the experience of these two centres, a conservative build-up in bookings for the proposed centre has been made. This build-up to normalized booking accounts for increased competition from at least 2 and more likely 4 new convention centres in the United States and Canada. By event type, the build-up to normalized booking potential has been projected as follows:

Table 10. MARKET POTENTIAL ESTIMATED ANNUAL BOOKINGS
THE PROPOSED CONGRESS AND TRADE CENTRE

<u>Type of Event</u>	<u>Year</u>		
	<u>1</u>	<u>3</u>	<u>5</u>
<u>Local</u>			
Public Shows	2-3	4-5	5-7
Entertainment	8-10	10-12	15-20
- Subtotal	10-13	14-17	20-27
<u>Non-Local</u>			
<u>Canadian Sponsored</u>			
Conventions	0-1	1-2	3-4
Trade Shows	2-3	3-4	6-9
Large Meetings	--	1-2	10-15
Subtotal	2-4	5-9	10-15
<u>U.S. and Other Sponsored</u>			
Conventions	6-10	13-17	15-19
Trade Shows	--	0-1	1-2
Large Meetings	--	0-1	1-3
Subtotal	6-10	13-19	17-24
Grand Total	18-27	32-45	47-66
Percent of Normalized Booking	50%	70%	100%

Source: Frank Wolman Associates and Gladstone Associates.

In the first year of operation, an estimated 18-27 events could be booked into the centre. Local events (i.e. entertainment activities), would be the chief market support upon opening. If advanced marketing occurs during the centre's construction, it is also likely that 6-10 U.S. sponsored conventions could be booked in the first year. To a more limited extent, Canadian sponsored non-local events could be booked in the first year.

In the third year of operation, it is likely that the centre could reach 70 percent of normalized booking potential. In the third year an estimated 32 to 45 events would book the centre, consisting of 13-19 U.S. sponsored non-local events, 5-9 Canadian sponsored non-local events and 14-17 local events.

If well managed, well marketed and well designed, full booking potential could be achieved in the fifth year of operation. The experience of the Georgia World Congress and the St. Louis Convention and Exhibition Center indicate a faster build-up booking pace. However, in light of potential competition from centres now proposed in Canadian and U.S. cities, a more conservative build-up has been forecasted.

CHAPTER III

POTENTIAL VISITORS AND VISITOR EXPENDITURES

CHAPTER III

POTENTIAL VISITORS AND VISITOR EXPENDITURES

In this chapter, potential increased visitation to Metro Toronto and consequent increased visitor spending are analyzed. With the opening of the proposed centre, Metro Toronto would experience a substantial increase in visitation. Each of the events projected to be booked into the centre would draw local and non-local visitors, thereby increasing the level of tourism and spending in the Toronto Metropolitan area.

1. Visitor Potential

Based on estimated bookings, estimates of the number of visitors to be drawn to Metro Toronto attributable to the centre have been prepared. These estimates have been made based on prospective attendance levels for each type of event as portrayed in Table 11, below.

Table 11. ESTIMATED LOCAL AND NON-LOCAL VISITORS^{1/}
BY TYPE OF EVENT BOOKING
THE ONTARIO CONGRESS AND TRADE CENTRE

<u>Type of Event</u>	<u>Attendance ^{1/}</u>		
	<u>Public Audience</u>	<u>Delegates</u>	<u>Exhibitors</u>
<u>Canadian Sponsored</u>			
<u>Local Events</u>			
Public Shows	35,000	--	750
Entertainment	6,500		100
<u>Non-Local Events</u>			
Conventions	--	2,000	750
Trade Shows	--	9,000	1,500
Large Meetings	--	4,000	--
<u>U.S. Sponsored</u>			
<u>Non-Local Events</u>			
Conventions	--	8,500	1,000-1,200
Trade Shows	--	9,000	1,000-1,200
Large Meetings	--	13,300	20-25

^{1/} In this analysis local visitors are individuals originating a trip with a 25 mile radius of the Centre of Toronto and non-local are those originating a trip beyond the 25 mile radius.

^{2/} Refer to Chapter II for derivation of attendance.

Source: Frank Wolman Associates and Gladstone Associates.

Attendance patterns have been forecast for three types of visitors:
1) public audiences, largely regional in nature; 2) delegates, principally drawn from out-of-town locations, and 3) exhibitors, in part locally based and in part, drawn from beyond the Metropolitan area. Public shows are anticipated to draw the largest number of attendees -- 35,000 per event. Large meetings of U. S. sponsorship are estimated to draw the next largest number of attendees. Both Canadian sponsored trade shows and U. S. sponsored trade shows are expected to draw the same number of delegates whereas U. S. sponsored conventions are estimated to draw 8,000 delegates versus only 2,000 delegates for Canadian sponsored conventions.

To estimate new visitors to Toronto, average attendance by type of event has been applied to the estimated booking potential of the centre. Table 12 summarizes estimated attendance levels. When the centre reaches a normalized booking level -- 5 years after opening -- it would draw an annual attendance of 635,650. Over half of this attendance would be attributable to local events -- draw residents of the metropolitan area. Canadian sponsored events would result in drawing 94,900 visitors annually -- composed of delegates and exhibitors. In contrast, U.S. sponsored conventions would more than double that at 211,250 in visitors annually, again composed of delegates and exhibitors.

Estimated Out-of-Town Visitation^{1/}

A key feature of the proposed centre is that it could result in attracting substantial increased out-of-town visitation^{1/} to Toronto.

^{1/} Visitors originating a trip beyond a 25 mile radius of the centre of Metro Toronto.

Table 12. ESTIMATED NUMBER OF VISITORS^{1/} BY TYPE OF EVENT
ATTRIBUTABLE TO THE PROPOSED CENTRE
TORONTO, CANADA

<u>Type of Event</u>	<u>1</u>	<u>3</u>	<u>5</u>
<u>Local</u>			
Public Shows	89,400	160,900	214,500
Entertainment	59,400	72,600	115,500
Subtotal	148,800	233,500	330,000
<u>Non-Local</u>			
<u>Canadian Sponsored</u>			
Conventions	1,400	4,100	9,600
Trade Shows	26,300	42,000	78,800
Large Meetings	--	6,000	6,000
Subtotal	27,700	52,100	94,400
<u>United States Sponsored</u>			
Conventions	78,300	144,700	168,600
Trade Shows	--	5,330	16,000
Large Meetings	--	6,650	26,650
Subtotal	78,300	156,680	211,250
Grand Total	254,800	442,280	635,650

^{1/} Includes all delegates, exhibitors and public audiences.
Attendance by type of event was estimated by applying the average attendance levels in Table 10 to mid-range booking estimates in Table 9.

Source: Frank Wolman Associates and Gladstone Associates.

This increase would in turn generate economic benefits for Metro Toronto and the remainder of the Province of Ontario as a result of increased spending by these visitors.

Estimated of out-of-town visitation have been prepared by analyzing the point of origin of the projected attendance by type of event. Tables 13 and 14 summarize results of an in depth analysis of the probable point of origin and length of stay associated with visitors from each type of event projected to be booked in the centre. Table 13 and 14 separate visitation characteristics for: (1) Delegate and public audiences, and (2) Exhibitors.

As shown on Tables 13 and 14, point of origin patterns vary substantially with type of event and type of visitor. Out-of-town visitors are the basic source of new spending to the Toronto economy and, thus, are the principal consideration. Limited previous analysis has been conducted on the point of origin of public audiences to such centres. Accordingly, a separate research effort has been conducted to determine by type of event visitor patterns and length of stay. The results of this research effort are summarized below.

Local Events

1. Public Shows

- Previous attendance records and several local Toronto shows were reviewed and discussions with show managers conducted, indicating that approximately 50 percent of the attendance was local -- within a 25 mile radius of the centre of Metro Toronto. Analysis indicates that the remainder of Metro Toronto accounted for approximately 44 percent of the balance of the visitation with a minor allocation to other Provinces and locations outside Canada.

Table 13.

DELEGATE AND PUBLIC AUDIENCE VISITATION CHARACTERISTICS

POINT OF ORIGIN, AND LENGTH OF STAY
FOR BOOKINGS AT THE PROPOSED CENTRE

Type of Event	Local Greater ^{1/} Toronto	Out-of-Town		U.S. and Other	Average Length of Stay ^{2/}
		Remainder of Ontario	Other Provinces		
<u>Canadian Sponsored Events</u>					
<u>Local Events</u>					
Public Show	50%	44%	5.5%	0.5%	--
Entertainment	90%	10%	--	--	--
<u>Non-Local Events</u>					
Conventions	35%	25%	40%	--	3.1 Days
Trade Shows	50%	44%	5.5%	0.5%	1.5 Days
Large Meetings	35%	25%	40%	--	3.1 Days
<u>U. S. Sponsored Events</u>					
Conventions	5%	6%	4%	85%	3.1 Days
Trade Shows	70%	20%	--	10%	1.5 Days
Large Meetings	5%	6%	4%	85%	3.1 Days

^{1/} A 25 mile radius from the centre of Metro Toronto as defined by the Ministry of Industry and Tourism.

^{2/} For visitor with a point of origin beyond 25 miles of the centre of Metro Toronto.

Source: Frank Wolman Associates and Gladstone Associates.

Table 14.

EXHIBITOR VISITATION CHARACTERISTICS
POINT OF ORIGIN AND LENGTH OF STAY
FOR BOOKINGS AT THE PROPOSED CENTRE

<u>Type of Event</u>	<u>Local Greater^{1/} Toronto</u>	<u>Out-of-Town</u>		<u>Average Length of Stay^{2/}</u>
		<u>Remainder of Ontario</u>	<u>U.S. and Other Provinces</u>	
<u>Canadian Sponsored Events</u>				
<u>Local Events</u>				
Public Show	60%	24%	15.5%	3.5 Days
Entertainment	95%	--	1.0%	1 Day
<u>Non-Local Events</u>				
Conventions	65%	25%	10%	3.5 Days
Trade Shows	60%	24%	15.5%	3.5 Days
Large Meetings	--	--	--	--
<u>U.S. Sponsored Events</u>				
Conventions	5%	6%	4%	5 Days
Trade Shows	5%	5%	--	4 Days
Large Meetings	5%	6%	4%	4 Days

^{1/} A 25 mile radius from the centre of Metro Toronto as defined by the Ministry of Industry and Tourism.

^{2/} For visitor with a point of origin beyond 25 miles of the centre of Metro Toronto.

Source: Frank Wolman Associates and Gladstone Associates.

Public Audiences

- In contrast, for exhibitors a higher proportion -- 60 percent -- are likely to come from the Metro Toronto area. The remainder are more dispersed, with 24 percent coming from the balance of Ontario, 15.5 percent from other Provinces and less than 1 percent from the U. S. or other countries.
- For public audiences, the producers of major entertainment activity indicate that their draw is approximately 90 percent within the Metro Toronto area. The draw beyond this area is limited to the remainder of Ontario with other Provinces and other countries generally having a negligible out-of-town visitation.

Canadian Sponsored Non-Local Events

1. Conventions and Large Meetings

- A selected survey of conventions and large meetings originating in Canada indicates visitation to these events when held in Toronto about 35 percent local with the balance distributed between the remainder of Ontario (25 percent) and other Provinces (40 percent).

2. Trade Shows

- In contrast, for trade shows the heavy dominance of trade/exposition industry in Toronto as well as the region's well established economic strength, result in a higher proportion (50 percent) of the visitation draw within the 25 mile radius. The balance of the visitation is distributed between the remainder of Ontario at 44 percent, other Provinces at 5.5 percent and a modest U. S. representation of 0.5 percent.

U. S. Sponsored Non-Local Events

1. Conventions and Large Meetings

- For conventions and large meetings, a selected survey of events which have recently met in Toronto was conducted. The survey indicated that 85 percent of the visitors were drawn from the U. S. or other countries. The balance of the visitors (15 percent) were then estimated based on regional population densities and judgments as to the location of membership by associations surveyed. This resulted in a distribution of 5 percent of the balance coming from Metro Toronto, 6 percent from the remainder of Ontario and 4 percent from other Provinces.

2. Trade Shows

- The pattern of trade show attendance differs substantially. In depth discussions with U. S. and Canadian based trade show managers indicate a draw of approximately 200 miles for trade show activities. When overlayed with the actual experience of trade shows staged in Metro Toronto, based on available published reports, an estimated 70 percent of the visitation is drawn within a 25 mile radius. The balance, for U. S. trade shows is likely to be drawn from the remainder of the Province at 20 percent of the total visitation and from the U. S. and other countries at 10 percent of the total visitation.

Applying point of origin estimates to expected visitation levels

(Table 12) provides the basis to estimate visitors attributable to non-local events. Table 15 portrays the distribution by point of origin. Slightly over one-half of the visitors to the centre at normalized booking would be attending non-local events. Of these, nearly 48 percent would be from the United States and other countries, 43.5 percent would be from Ontario (beyond 25 miles of the center of Metro Toronto) and the balance -- 8.5 percent -- would be from other Provinces.

Length of Stay

Equally as important as point of origin is the length of stay for local and non-local visitors. In general, local visitors would stay in the centre and within the downtown for several hours. On the other hand, non-local visitors would likely spend several days in Metro Toronto. The importance of length of stay of these types of visitors is in the total amount of spending and, hence, economic benefit which would be generated. In order to determine length of stay, several different approaches have been utilized, as follows:

- A survey of the duration of 21 U.S. conventions which have met in Metro Toronto recently.^{1/}

^{1/} Conducted by Gladstone Associates in September 1978 as identified by the Toronto Metropolitan Convention and Visitors Bureau.

Table 15.

ESTIMATED NON-LOCAL VISITORS
BY TYPE AND ORIGIN FOR ALL EVENTS
THE PROPOSED CENTRE

Origin and Type of Visitors	Year		
	<u>1</u>	<u>3</u>	<u>5</u>
<u>Ontario Residents</u> ^{1/}			
Delegates	14,230	26,805	45,670
Exhibitors	2,090	3,620	6,010
Public Audience	44,400	76,500	103,800
Subtotal	60,720	106,925	155,480
<u>Other Provinces</u>			
Delegates	4,360	10,550	15,350
Exhibitors	1,340	2,255	3,680
Public Audience	4,800	8,660	11,550
Subtotal	10,500	21,465	30,580
<u>United States and Other</u>			
Delegates	57,910	114,620	147,120
Exhibitors	8,850	15,510	22,980
Public Audience	450	790	1,050
Subtotal	67,210	130,920	171,150
<u>Total Non-Local Visitors</u>			
Delegates	76,500	151,975	208,140
Exhibitors	12,280	21,385	32,670
Public Audience	49,650	85,950	116,400
Grand Total	138,430	259,310	357,210

^{1/} Excludes visitors originating a trip within a 25 mile radius of Metro Toronto.

Source: Frank Wolman Associates and Gladstone Associates.

- The 1973 International Association of Convention and Visitors Bureau Expenditure Survey which selectively sampled U.S. and Canadian sponsored conventions to determine overall length of stay in various cities throughout the North American continent.
- An examination of the preliminary 1978 International Association of Convention and Visitors Bureau Expenditure Survey for Toronto covering 3 conventions.

The results of these investigations indicate that for non-local events the principal difference is in length of stay of delegates to conventions and large meetings versus delegates to trade shows. Table 16, below, summarizes the estimated length of stay by type of non-local event and by delegates and exhibitors.

Table 16.

ESTIMATED LENGTH OF STAY DELEGATES AND
EXHIBITORS ATTENDING NON-LOCAL EVENTS BOOKING

<u>Type of Event</u>	<u>Delegates</u>	<u>Exhibitors</u>
<u>Canadian Sponsored Non-Local</u>		
Conventions	3.1 days	3.5 days
Trade Shows	1.5 days	3.5 days
Large Meetings	3.1 days	--
<u>U.S. Sponsored Non-Local</u>		
Conventions	3.1 days	5 days
Trade Shows	1.5 days	4 days
Large Meetings	3.1 days	4 days

Source: 1973 & 1978 IACVB Expenditure Surveys, Frank Wolman and Gladstone Associates selected surveys of conventions and trade shows.

Canadian sponsored conventions and large meetings and U.S. sponsored conventions and large meetings are anticipated to have a similar length

of stay for delegates -- 3.1 days. In contrast for these types of non-local events, exhibitor length of stay is estimated at 3.5 days for Canadian sponsored non-local events versus 5 days for U.S. sponsored conventions versus 4 days for U.S. sponsored large meetings. The length of stay of trade show delegates, either Canadian or U.S. sponsored, is estimated at 1.5 days. Exhibitors are estimated to stay at 3.5 days for Canadian sponsored trade shows and 4 days for U.S. sponsored trade shows.

Incremental Increase in Visitation

For the purpose of analyzing the potential economic impact of the proposed centre and the potential net increase in visitation has been estimated. Not all events booked in the centre nor all visitors drawn to the centre would represent an increase to existing booking levels or visitation levels in Metro Toronto.

To estimate the potential net increase in bookings and visitor levels, each market segment has been examined to determine their likelihood of coming to Metro Toronto if a centre were not built. The review indicated:

- That nearly all U. S. sponsored non-local events would constitute a net increase in bookings and visitation to Metro Toronto. Conventions, trade shows and large meetings requiring 25,000 to 50,000 gross square feet of exhibit space are likely to be attracted to Toronto without a centre.

These events, however are likely to be attracted less frequently. At normalized occupancy, an estimated 95 percent of the centre's projected bookings (17 out of 20 events) would be incremental.

- That in contrast, Canadian sponsored non-local events are not likely to represent an incremental increase, largely because of market scale and space requirements. Most Canadian sponsored events, presently could be accommodated in existing hotels or exhibition facilities. By the time the centre would be open, existing facilities could less satisfactorily accommodate those events from proposed centre.
- That entertainment events would represent a net increase to business levels now occurring in Toronto, principally because of the absence of suitable facilities to expand this type of event. Public shows, on the other hand, booked in the centre are not likely to represent a net increase in the overall business level in Toronto.

Table 17, below presents estimated incremental increase in bookings to Metro Toronto which would be attributable to the centre.

Table 17.

ESTIMATED INCREMENTAL INCREASE IN METRO TORONTO BOOKINGS
ATTRIBUTABLE TO THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

<u>Type of Event</u>	<u>Booking Potential By Year</u>		
	<u>1</u>	<u>3</u>	<u>5</u>
<u>Local</u>			
Public Show	--	--	--
Entertainment	9	11	18
Subtotal	<u>9</u>	<u>11</u>	<u>18</u>
<u>Non-Local</u>			
<u>Canadian Sponsored</u>			
Conventions	--	--	--
Trade Shows	1	2	3
Large Meetings	--	--	--
Subtotal	<u>1</u>	<u>2</u>	<u>3</u>
<u>U.S. Sponsored</u>			
Conventions	5	11	14
Trade Shows	--	1	1
Large Meetings	--	1	2
Subtotal	<u>5</u>	<u>13</u>	<u>17</u>
Total Bookings	15	26	33
Percent of Total Booking ^{1/}	65.2%	68.4%	67.9%

^{1/} At the mid point of the estimated range.

Source: Frank Wolman Associates and Gladstone Associates.

At normalized booking potential at the centre, 38 events would represent the incremental increase in bookings to Metro Toronto. This would be approximately 68 percent of the booking levels achieved in that year. On balance, this proportion is nearly the same through the expected build-up in bookings to normalized occupancy. The importance of the incremental increase in bookings is reflected in the number of new delegates and exhibitors and associated spending drawn to Metro Toronto.

2. Visitor Expenditures

Expenditures by delegates and exhibitors attracted to Toronto as a result of the centre has been estimated from visitation patterns present previously. To these, an expected daily expenditure pattern has been applied to arrive at total visitor spending by category.^{1/}

^{1/} For this analysis six expenditure categories defined by the Ministry of Industry and Tourism have been utilized. These six categories pertain to the standard tourist related expenditure pattern used in analyzing local and regional economic impacts. The six categories are as follows:

1. Public Transportation: Expenditure on plane, bus train and boat carriers only.
2. Accommodation: Expenditure made in regards to commercial accommodation rooms/rooms units, which include campsites and trailer park sites (municipal, provincial or national), and rental of private vacation cottages.
3. Food/Beverage: Pertains to expenditure made on restaurant meals, groceries and beverages (including food and/or beverage portion of accommodation bills) during trip by all visitor origins. Also includes spending by Ontario residents only, on groceries/beverages in preparation for trip.
4. Amusement/Recreation: Expenditure made on such as sporting events, theatres, night clubs, golfing fees, hunting/fishing licenses, boating expenses, provincial parks daily user fees, etc.
5. Service Stations: Expenditure made on auto gas/oil/maintenance, including auto rental/taxi, during trip, by all visitor origins. Also includes spending on above by Ontario residents only, in preparation for trip.
6. Retail Sales and Miscellaneous: Expenditure on souvenirs, gifts, film, clothing, etc., including personal services (laundry, barber, etc.), made during the trip only.

These categories have been matched with the delegate and exhibitor expenditure survey conducted by the International Association of Convention and Visitor Bureaus as follows.

<u>Ministry of Industry and Tourism Expenditure Categories</u>	<u>Matching IACVB Categories</u>
Accommodations	Hotel Room
Food/Beverages	Hotel Restaurant, Other Restaurants Beverages
Amusement/Recreation	Theatres, Sight-Seeing, Entertainment
Service Stations	Local Transportation, Automobile
Retail/Miscellaneous	Retail Stores, Other Items

Source: Ministry of Industry and
Tourism, Province of
Ontario-Toronto, Canada.

Source: 1973 IACVB Convention
Delegate Expenditure Survey.

Daily expenditures have been derived using extensive published surveys by the International Association of Convention and Visitor Bureaus.^{1/} Analysis of these expenditure patterns yielded minor differences in expenditure levels between Canadian and U.S. visitors as well as differences in spending patterns between exhibitors and delegates.

^{1/} The expenditure survey conducted by the International Association of Convention and Visitor Bureaus occurred in 1973. For the most part, it was judged that inflation experience over the past years largely outdates the 1973 survey results. Accordingly, to update the IACVB expenditure estimates, a smaller sample of expenditure responses by delegates to U.S. and Canadian sponsored conventions, in Toronto was utilized as a more up-to-date estimate of expenditure patterns. These updated expenditure patterns were then compared to the 1973 IACVB survey in terms of percentage distribution. The distribution indicated a similar pattern and was one of the bases for updating the 1973 survey results. A further test was made by escalating the 1973 IACVB survey results to 1978 dollars as portrayed below:

Expenditure Category	1973 IACVB Survey (In U.S. Dollars) ^{1/}	1973 Adjusted To Canadian Cities (In U.S. Dollars) ^{2/}	1978 Adjusted To Canadian Cities (In U.S. Dollars) ^{3/}	1978 In Canadian Dollars ^{4/}	Percent
Accommodations	\$19.13	\$20.56	\$28.52	\$31.94	37%
Food/Beverages	\$18.83	\$20.24	\$28.07	\$31.44	37%
Amusement/ Recreation	\$ 2.90	\$ 3.12	\$ 4.33	\$ 4.85	6%
Service Stations	\$ 2.24	\$ 2.40	\$ 3.33	\$ 3.73	4%
Miscellaneous	\$ 8.06	\$ 8.66	\$12.01	\$13.45	16%
Total	\$51.16	\$54.98	\$76.26	\$85.41	100%

^{1/} Baseline - 1973 IACVB Convention Delegate Expenditure Survey - Average for National/International Conventions.

^{2/} (1) x 1.075 (ratio between average delegate day expenditures in Canadian cities and those in U.S. cities).

^{3/} (2) x 1.387 (implicit price deflator ratio for personal consumption expenditures between 1978 and 1973).

^{4/} (3) x 1.12 (conversion factor between U.S. dollar and Canadian dollar).

Source: Gladstone Associates.

Table 18 presents estimated daily expenditure levels by spending category for delegates and exhibitors.

Table 18.

AVERAGE DAILY EXPENDITURE
DELEGATES AND EXHIBITORS ATTENDING NON-LOCAL EVENTS
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

<u>Expenditure Category</u>	<u>Delegate Expenditure</u>		<u>Exhibitor Expenditure</u>	
	<u>Canadian Sponsored Events</u>	<u>U.S. Sponsored Events</u>	<u>Canadian Sponsored Events</u>	<u>U.S. Sponsored Events</u>
Hotel	\$40	\$30	\$50	\$ 50
Food/Beverage	\$29	\$30	\$29	\$ 30
Amusements	\$ 5	\$ 5	\$ 5	\$ 5
Service Stations	\$ 4	\$ 3	\$ 4	\$ 3
Miscellaneous Retail	\$10	\$12	\$10	\$ 12
Total	\$88	\$90	\$98	\$100

Source: IACVB Expenditure Survey, 1973 and 1978 (preliminary); Frank Wolman Associates; and Gladstone Associates.

The principal difference between expenditure levels of Canadian sponsored events and for U.S. sponsored events are in food and beverage, service station and miscellaneous/retail categories. Service station expenditures for Canadian sponsored events are estimated to be slightly higher because of the larger proportion of delegates and exhibitors arriving by automobile as the primary mode of transportation. Miscellaneous/retail expenditures are estimated to be lower for Canadian sponsored events as a result of a higher proportion of visitors attracted from the Province of Ontario.

Not covered in Table 18 are public transportation expenditures by delegates and exhibitors. These have been estimated separately

due to the absence of corresponding IACVB expenditure data and the need to express those for Canadian carriers only.

Transportation expenditures per delegate and exhibitor have been estimated separately for Canadian and U.S. sponsored non-local events.

- For U.S. sponsored events public transportation expenditures per day are estimated at \$32.94.1/
- Spending by the Canadian delegates and exhibitors for public transportation is estimated at \$21.54 based on the weighted distribution of transportation by mode and estimated cost by mode.2/

Delegate and exhibitor expenditures have then been aggregated and projected together with estimated non-local visitors^{3/}. Table 19 presents estimated non-local visitor expenditures attributable to the centre for a five-year period after the centre opens. In the first year, the centre would result in nearly \$32.7 million in delegate and exhibitor spending. By the third year, the centre would result in slightly more than \$63.6 million of spending. By the fifth year of operation, at the normalized booking level, the centre would result in slightly more than \$86 million in delegate and exhibitor spending.

-
- 1/ Based on an update of the 1973 IACVB Air Transportation Expenditure Survey, yielding an estimate of \$82.35 per delegate and exhibitor. Air Canada was then surveyed to determine the percent of total ridership carried in and out of Toronto to and from U.S. destinations. This proportion, 40 percent, was then applied to the transportation expenditure as the basis to estimate Canadian carrier expenditures, only. An estimated 95 percent of these U.S. visitors attracted to Toronto are estimated to travel by air.
 - 2/ Estimated by Frank Wolman Associates based on expected modal split of visitors and average transportation costs by mode and point of origin.
 - 3/ At the mid-point of the estimated booking potential by type of event, page

Table 19.

ESTIMATED VISITOR^{1/} EXPENDITURES ATTRIBUTABLE
TO THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

(In Thousands of 1978 Canadian Dollars)

	Year		
	<u>1</u>	<u>3</u>	<u>5</u>
<u>Canadian Sponsored Events</u>			
Public Transportation	\$ 285.1	\$ 505.4	\$ 916.5
Hotel Accommodations	\$1,174.9	\$2,533.2	\$ 4,225.8
Food and Beverages	\$ 791.0	\$1,731.0	\$ 2,963.2
Amusement/Recreation	\$ 136.5	\$ 298.5	\$ 511.0
Service Stations	\$ 109.2	\$ 238.8	\$ 408.8
Miscellaneous	\$ 272.9	\$ 596.9	\$ 1,021.9
Subtotal	\$2,769.6	\$5,903.8	\$10,047.2
<u>U.S. and Other Sponsored Events</u>			
Public Transportation	\$ 6,993	\$13,490	\$17,700
Hotel Accommodations	\$10,462	\$20,137	\$26,616
Food and Beverages	\$ 7,478	\$14,464	\$19,030
Amusement/Recreation	\$ 1,246	\$ 2,411	\$ 3,171
Service Stations	\$ 747	\$ 1,447	\$ 1,903
Miscellaneous	\$ 2,991	\$ 5,785	\$ 7,611
Subtotal	\$29,917	\$57,734	\$76,031
<u>Total Expenditures by Sector</u>			
Public Transportation	\$ 7,278.1	\$13,995.4	\$18,616.5
Hotel Accommodations	\$11,636.9	\$22,670.2	\$30,841.8
Food and Beverages	\$ 8,269.0	\$16,195.0	\$21,993.2
Amusement/Recreation	\$ 1,382.5	\$ 2,709.5	\$ 3,682.0
Service Stations	\$ 856.2	\$ 1,685.8	\$ 2,311.8
Miscellaneous	\$ 3,263.9	\$ 6,381.9	\$ 8,632.9
Grand Total	\$32,686.6	\$63,637.8	\$86,079.2

^{1/} Visitors originating a trip from beyond a 25 mile radius of the centre of Metro Toronto.

Source: Frank Wolman Associates and Windstone Associates

The majority of delegate and exhibitor spending attributable to the centre would accrue from U.S. and other sponsored non-local events. By the fifth year of operation, 83.3 percent would be generated by delegates and exhibitors attending U.S. and other sponsored non-local events. This would amount to slightly more than \$76 million. During the build-up to normalized occupancy this proportion would be slightly higher, with delegate and exhibitor spending associated with U.S. and other sponsored non-local events booked into the centre representing more than 90 percent of visitor spending attributable to the centre.

Table 20 contains a further refinement of estimated non-local visitor expenditures attributable to the centre by portraying spending by visitor point of origin. As shown on Table 20, U.S. visitors would account for slightly more than \$69.7 million in spending at the time the centre reaches normalized occupancy. During the five-year period in which centre would be reaching normalized occupancy, the proportion of spending from U.S. delegates and exhibitors would be in the range of 82 percent to 85 percent of total delegate and exhibitor spending.

Spending by resident Ontario visitors from beyond the twenty-five mile radius of the centre of Metro Toronto would be the second largest contribution to spending. In the fifth year of operation, spending from resident Ontario visitors would be nearly \$11.8 million or approximately 13.7 percent of total delegate and exhibitor spending. This pattern would remain essentially constant through the five year period.

Spending by delegates and exhibitors from other Provinces, in contrast would be modest. In the fifth year of operation, they would contribute an

Table 20.

ESTIMATED VISITOR EXPENDITURES BY POINT OF ORIGIN
PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Thousands of 1978 Canadian Dollars)

	Year 1			Year 3			Year 5		
	Ontario/ Residents	Other Provinces	Total	Ontario/ Residents	Other Provinces	Total	Ontario/ Residents	Other Provinces	Total
Canadian Sponsored Events									
Public Transportation	\$ 285.1	--	\$ 285.1	\$ 505.4	--	\$ 505.4	\$ 916.5	--	\$ 916.5
Hotel Accommodations	\$ 877.8	\$ 283.5	\$ 1,174.9	\$ 1,672.3	\$ 839.8	\$ 2,533.2	\$ 3,105.9	\$ 1,081.5	\$ 4,225.8
Food and Beverages	\$ 599.7	\$ 182.4	\$ 791.0	\$ 1,147.2	\$ 568.0	\$ 1,731.0	\$ 2,177.6	\$ 758.3	\$ 2,963.2
Amusement and Recreation	\$ 103.5	\$ 31.5	\$ 136.5	\$ 198.0	\$ 98.3	\$ 298.5	\$ 375.5	\$ 130.8	\$ 511.0
Service Stations	\$ 82.6	\$ 25.3	\$ 109.2	\$ 158.3	\$ 78.6	\$ 238.8	\$ 300.4	\$ 104.6	\$ 408.8
Miscellaneous	\$ 206.9	\$ 62.9	\$ 272.9	\$ 395.9	\$ 196.2	\$ 596.9	\$ 751.0	\$ 261.6	\$ 1,021.9
Subtotal	\$ 2,155.6	\$ 585.6	\$ 2,709.6	\$ 4,077.1	\$ 1,780.9	\$ 5,903.8	\$ 7,626.9	\$ 2,336.8	\$ 10,047.2
U.S. and Other Sponsored Events									
Public Transportation	--	--	\$ 6,993	--	--	\$ 13,490	--	--	\$ 17,700
Hotel Accommodations	\$ 660	\$ 441	\$ 10,462	\$ 1,339	\$ 821	\$ 17,977	\$ 1,895	\$ 1,020	\$ 23,701
Food and Beverages	\$ 472	\$ 315	\$ 7,478	\$ 963	\$ 591	\$ 12,910	\$ 1,360	\$ 732	\$ 16,938
Amusement and Recreation	\$ 79	\$ 52	\$ 1,246	\$ 161	\$ 98	\$ 2,152	\$ 226	\$ 122	\$ 2,823
Service Stations	\$ 46	\$ 32	\$ 747	\$ 97	\$ 59	\$ 1,291	\$ 136	\$ 73	\$ 1,694
Miscellaneous	\$ 188	\$ 125	\$ 2,991	\$ 385	\$ 236	\$ 5,164	\$ 543	\$ 293	\$ 6,775
Subtotal	\$ 1,445	\$ 965	\$ 27,507	\$ 2,945	\$ 1,805	\$ 52,984	\$ 4,160	\$ 2,240	\$ 69,631
Total Expenditures by Sector									
Public Transportation	\$ 285.1	--	\$ 6,993.0	\$ 505.4	--	\$ 13,490.0	\$ 916.5	--	\$ 17,700
Hotel Accommodations	\$ 1,537.8	\$ 724.5	\$ 9,374.6	\$ 3,011.3	\$ 1,660.8	\$ 17,998.1	\$ 5,000.9	\$ 2,101.5	\$ 23,739.4
Food and Beverages	\$ 1,071.7	\$ 497.4	\$ 6,699.9	\$ 2,110.2	\$ 1,159.0	\$ 12,925.8	\$ 3,537.6	\$ 1,490.3	\$ 16,965.3
Amusement and Recreation	\$ 182.5	\$ 83.5	\$ 1,116.5	\$ 359.0	\$ 196.3	\$ 2,154.2	\$ 601.5	\$ 252.8	\$ 2,827.7
Service Stations	\$ 128.6	\$ 57.3	\$ 670.3	\$ 255.3	\$ 137.6	\$ 1,292.9	\$ 436.4	\$ 177.6	\$ 1,697.8
Miscellaneous	\$ 394.9	\$ 187.9	\$ 2,681.1	\$ 780.9	\$ 432.2	\$ 5,168.8	\$ 1,294.0	\$ 554.6	\$ 6,784.3
Grand Total	\$ 3,600.6	\$ 1,550.6	\$ 27,535.4	\$ 7,022.1	\$ 3,585.9	\$ 53,029.8	\$ 11,786.9	\$ 4,576.8	\$ 69,714.5
			\$ 32,686.6			\$ 63,637.8			\$ 86,078.2

1/ Beyond a 25 mile radius of the centre of Toronto.

Source: Frank Wolman Associates and Gladstone Associates.

estimated \$4.6 million to total spending. This would grow from approximately \$1.6 million in the first year, to slightly less than \$3.6 million in the third year of operation.

Incremental Expenditure Increase

Of the \$86 million estimated to accrue to Metro Toronto from delegate and exhibitors spending attributable to the centre, not all would be net increase. As shown in Table 21, the net or incremental increase in expenditures attributable to the centre would be slightly less than \$68.9 million by the fifth year of operation. This would be appreciable increase from a base of approximately \$19.9 million in the first year and \$49.2 million in the third year of operation.

The split between incremental expenditures from Canadian sponsored events and U.S. sponsored events is higher than the total expenditure pattern. Over 95 percent of the incremental increase in expenditures would be from U.S. sponsored events. This pattern would remain nearly constant through the five year period of build-up to normalized bookings. In the first year, U.S. sponsored and other non-local events would contribute slightly more than \$18.9 million. In the third year of operation the contribution would increase to nearly \$47.0 million. In the fifth year an estimated \$65.7 million would be attributable to U.S. and other non-local events.

Other Expenditures

In addition to delegate and exhibitor expenditures, trade shows, conventions and large meetings would make production and business expenditures locally. To estimate these expenditures a survey of associations and trade

Table 21.

ESTIMATE INCREMENTAL IN EXPENDITURES ATTRIBUTABLE
TO LOCAL AND NON-LOCAL BOOKINGS
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Thousands of Canadian Dollars)

	Year		
	<u>1</u>	<u>2</u>	<u>3</u>
<u>Canadian Sponsored Events</u>			
Public Transportation	\$ 106	\$ 229	\$ 333
Hotel Accomodations	\$ 377	\$ 960	\$ 1,338
Food and Beverages	\$ 258	\$ 596	\$ 917
Amusement/Recreation	\$ 44	\$ 113	\$ 158
Service Stations	\$ 36	\$ 91	\$ 126
Miscellaneous	\$ 89	\$ 227	\$ 316
Subtotal	\$ 910	\$ 2,216	\$ 3,188
<u>U.S. and Other Sponsored Events</u>			
Public Transportation	\$ 4,509	\$11,150	\$15,509
Hotel Accomodations	\$ 6,590	\$16,310	\$22,890
Food and Beverages	\$ 4,710	\$11,710	\$16,360
Amusement/Recreation	\$ 790	\$ 1,950	\$ 2,730
Service Stations	\$ 470	\$ 1,170	\$ 1,640
Miscellaneous	\$ 1,880	\$ 4,690	\$ 6,540
Subtotal	\$18,949	\$46,980	\$65,669
<u>Total Expenditures Section</u>			
Public Transportation	\$ 4,615	\$11,379	\$15,842
Hotel Accomodations	\$ 6,967	\$17,270	\$24,228
Food and Beverages	\$ 4,968	\$12,306	\$17,277
Amusement/Recreation	\$ 834	\$ 2,063	\$ 2,888
Service Stations	\$ 506	\$ 1,261	\$ 1,766
Miscellaneous	\$ 1,969	\$ 4,917	\$ 6,856
Grand Total	\$19,859	\$49,196	\$68,859

Source: Frank Wolman Associates and Gladstone Associates.

shows was conducted^{1/}. It indicated that, in general, each event is likely to spend between \$60,000 and \$70,000 in booking the centre. These expenditures would include advertising, exhibitor contracting, transportation and food and beverage for hospitality functions.

Based on the results of this survey, local production and business spending have been forecasted and are presented in Table 22, below.

Table 22.

ESTIMATED LOCAL PRODUCTION AND BUSINESS SPENDING
BY LOCAL AND NON-LOCAL EVENTS
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Thousands of 1978 Canadian Dollars)

<u>Type of Event</u>	<u>Year</u>		
	<u>1</u>	<u>3</u>	<u>5</u>
<u>Local</u>			
Public Shows	\$ 138	\$ 248	\$ 330
Entertainment	\$ 270	\$ 330	\$ 525
Subtotal	\$ 408	\$ 578	\$ 855
<u>Non-Local</u>			
<u>Canadian Sponsored</u>			
Conventions	\$ 31	\$ 94	\$ 219
Trade Shows	\$ 200	\$ 320	\$ 600
Large Meetings	--	\$ 78	\$ 78
Subtotal	\$ 231	\$ 492	\$ 897
<u>U.S. and Other Sponsored</u>			
Conventions	\$ 826	\$1,549	\$1,755
Trade Shows	--	\$ 46	\$ 139
Large Meetings	--	\$ 36	\$ 144
Subtotal	\$ 826	\$1,631	\$2,038
Grand Total	\$1,465	\$2,701	\$3,790

Source: Frank Wolman Associates and Gladstone Associates Survey.

^{1/} In general precise records of business spending by associations and exhibitions are not available. This survey endeavored to reach an "order of magnitude" estimate of this type of spending.

In the first year of operation of the centre, local production and business spending could amount to \$1.5 million. This would grow to \$2.7 million the third year of operation and to nearly \$3.8 million in the fifth year of operation. U. S. and other sponsored non-local events would account for 50 to 56 percent of this additional spending, depending on the year of operation.

The economic market impact of increase spending from all source attributable to the centre is review in the chapter which follows.

CHAPTER IV:

POTENTIAL ECONOMIC BENEFITS OF A CENTRE

CHAPTER IV
POTENTIAL ECONOMIC BENEFITS OF A CENTRE

In this chapter the magnitude of the potential economic benefits from the proposed centre is examined. As proposed, the centre would attract a net increase in conventions, trade shows and large meetings to Metro Toronto. Delegates and exhibitors accompanying these events would in turn spend substantial dollars which would directly and indirectly create new jobs, create new businesses and generate substantial new tax revenues for the City of Toronto, the Metropolitan Area and the Province.

Further, the construction of the centre alone would result in a substantial capital outlay which in turn would create employment in the construction industry for several years as well as increase the demand for goods and services from Metro and Provincial suppliers and concerns.

Economic benefits would then accrue to the City, the Metropolitan Area and the Province as follows:

1. During construction in terms of new construction jobs supported and goods and services purchased.
2. After the centre opens in terms of:
 - Increase payrolls
 - New jobs
 - New businesses created
 - Increased tax revenues

The potential impact of the proposed centre has been estimated using the Ministry of Industry and Tourism regional economic impact model.^{1/}

^{1/} Prepared indepently of this study by Econometric Research Ltd. Visitor expenditure estimates prepared by Frank Wolman and Gladstone Associates have been utilized as the basic inputs to the model.

This is a regional input-output model. It involves tracing regional income and employment in the various economic sectors throughout the Province, accounting for leakages in the flow of dollars and employment based on current and historical economic relationships.

1. Economic Benefits During Construction

The proposed centre would require a 4 to 5 year construction period. Total costs have been estimated at approximately \$70 million in 1978 dollars. Of these costs, an estimated \$51.2 million would be in direct construction costs. These direct construction costs would have a regional economic impact in terms of job creation and tax revenues. Table 23 below, presents the estimated direct construction costs over the anticipated construction period.

Table 23.

ESTIMATED CONSTRUCTION COSTS^{1/} THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE (In 1978 Dollars)

<u>Construction Period</u>	<u>Construction Expenditure</u>
Year 1	\$ 2.0 Million
Year 2	\$ 1.9 Million
Year 3	\$16.0 Million
Year 4	\$21.0 Million
Year 5	\$10.3 Million
Total	\$51.2 Million

^{1/} Hard costs only. Excludes land, architect and engineering fees, permit and interim financing costs.

Source: Parkin Partnership and Gladstone Associates.

Direct construction expenditures of \$51.2 million would create two types of employment -- direct construction employment on the site and indirect/induced employment as a result of expenditures for construction materials and increases in regional household income. Table 24 presents

estimated employment generated by construction expenditures over the four to five year construction period.

Table 24. ESTIMATED EMPLOYMENT^{1/}
CREATED BY CONSTRUCTION EXPENDITURES
FOR THE PROPOSED ONTARIO CONGRESS AND TRADE CENTER

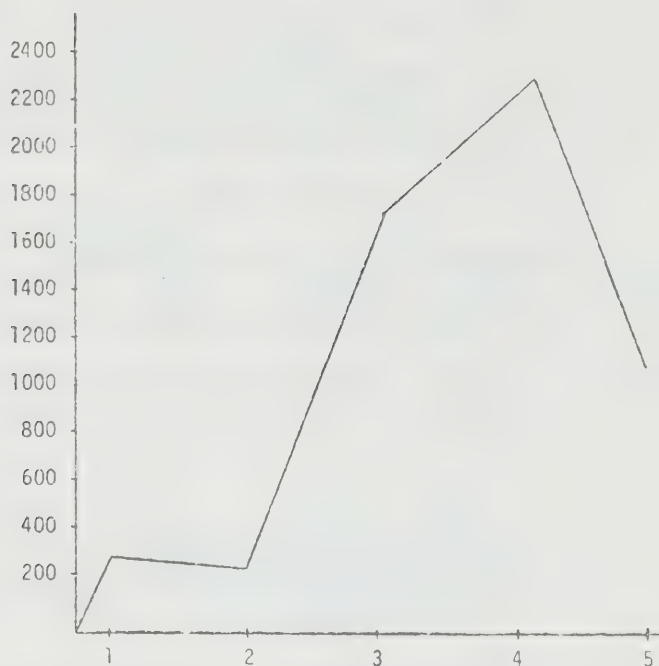
Construction Period	Metro		Rest of Ontario		Total Province of Ontario	
	Number of Jobs	Percent	Number of Jobs	Percent	Number of Jobs	Percent
Year 1	155	70.5%	65	29.5%	220	100.0%
Year 2	146	70.5%	61	29.5%	207	100.0%
Year 3	1,240	70.5%	520	29.5%	1,760	100.0%
Year 4	1,628	70.5%	683	29.5%	2,311	100.0%
Year 5	798	70.4%	335	29.6%	1,133	100.0%

^{1/} Includes direct construction employment plus indirect and induced employment.
Source: Econometric Research, Ltd.

On average, construction expenditures would support 1,125 jobs annually during the construction period. Employment generated would grow from 220 jobs in the first year to a peak of over 2,300 in the fourth year and then decline to 1,133 in the final year of construction. Exhibit I summarizes the build-up in employment over the four to five year construction period.

Exhibit 1.

TOTAL EMPLOYMENT^{1/}
CREATED BY CONSTRUCTION EXPENDITURES
FOR THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE



^{1/} Full-time job equivalents.

Source: Econometric Research, Ltd.

The majority of jobs created during the construction period would occur in Metro Toronto. Over 70 percent of the total employment generated each year would occur in the Metro Toronto area. These would be chiefly on site construction jobs as well as employment induced in increases in Metro household income.

Employment created during the construction period would also generate tax revenues to the Federal Government, the Province and to the City of Toronto. Tax revenues would be derived from increases in household income

and induced spending. On average, slightly less than \$5.8 million in tax revenues would accrue annually during the four to five year construction period. Total tax revenues generated would be approximately \$28.9 million.

Annual tax revenues generated during the construction period are present in Table 25.

Table 25.

ESTIMATED TAX REVENUES^{1/}
ACCRUING FROM CONSTRUCTION EXPENDITURES
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Thousands of 1978 Dollars)

<u>Construction Period</u>	<u>Tax Revenues Generated By</u> <u>Employment and Income In:</u>				<u>Total Tax</u> <u>Revenues 1/</u>	
	<u>Metro</u>		<u>Rest of Ontario</u>		<u>Amount</u>	<u>Percent</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>		
Year 1	\$ 719.3	63.7%	\$ 409.6	36.3%	\$ 1,128.9	100.0%
Year 2	\$ 673.6	63.7%	\$ 386.5	36.3%	\$ 1,065.1	100.0%
Year 3	\$5,762.3	63.7%	\$3,291.1	36.3%	\$ 9,043.4	100.0%
Year 4	\$7,550.2	63.7%	\$4,299.1	36.3%	\$11,849.3	100.0%
Year 5	\$3,703.9	63.7%	\$2,109.0	36.3%	\$ 5,812.9	100.0%
Total	\$18,414.3		\$10,485.3		\$28,899.6	
Average Annual	\$ 3,682.86		\$ 2,097.1		\$ 5,779.9	

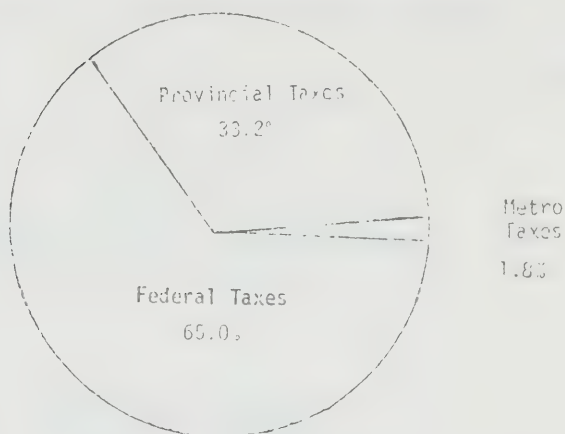
^{1/} Includes Federal, Provincial and Municipal taxes. Refer to Exhibit II for distribution. Based on 1977 tax rates and structure and prior to redistribution.

Source: Econometric Research, Ltd.

Of the tax revenues generated during construction, approximately 65 percent would accrue to the Federal Government, 33.2 percent would accrue to the Province and 1.8 percent would accrue locally as shown in Exhibit II.

Exhibit II.

DISTRIBUTION OF TAX REVENUES
ACCRUING DURING CONSTRUCTION
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE



\$5,780.0 Average Annual

Source: Econometric Research, Ltd.

2. Economic Benefits, After Opening

Once the centre is opened, economic benefits would accrue to Metro Toronto, the Province as a whole and the Federal Government. These economic benefits would principally be of two types: (1) new jobs created and, (2) new tax revenues. Each of these are discussed separately following.

Employment

After the centre opens, delegates and exhibitors attracted to Toronto because of the centre would generate spending: (1) at the centre, (2) in allied businesses supporting the convention-trade show industry, i.e. hotels, retailing, wholesale suppliers, exhibit contractors, etc. and (3) through induced spending.

In the first year after opening, the centre would be responsible for creating 4,870 new jobs. Thereafter, in relation to the build-up in bookings, employment would increase, rising to 12,840 jobs by the time the centre reaches normalized bookings. The dominant share of new employment created as a result of the centre would occur in Metro Toronto. An estimated 82 percent of the increase in employment would be within Metro Toronto and the balance, 18 percent, in the rest of the Province.

Table 26 portrays the projected growth in employment by location over the five year period during which the proposed centre would build-up to normalized bookings.

Table 26.

ESTIMATED EMPLOYMENT^{1/}
GENERATED BY VISITOR SPENDING ATTRIBUTABLE TO
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

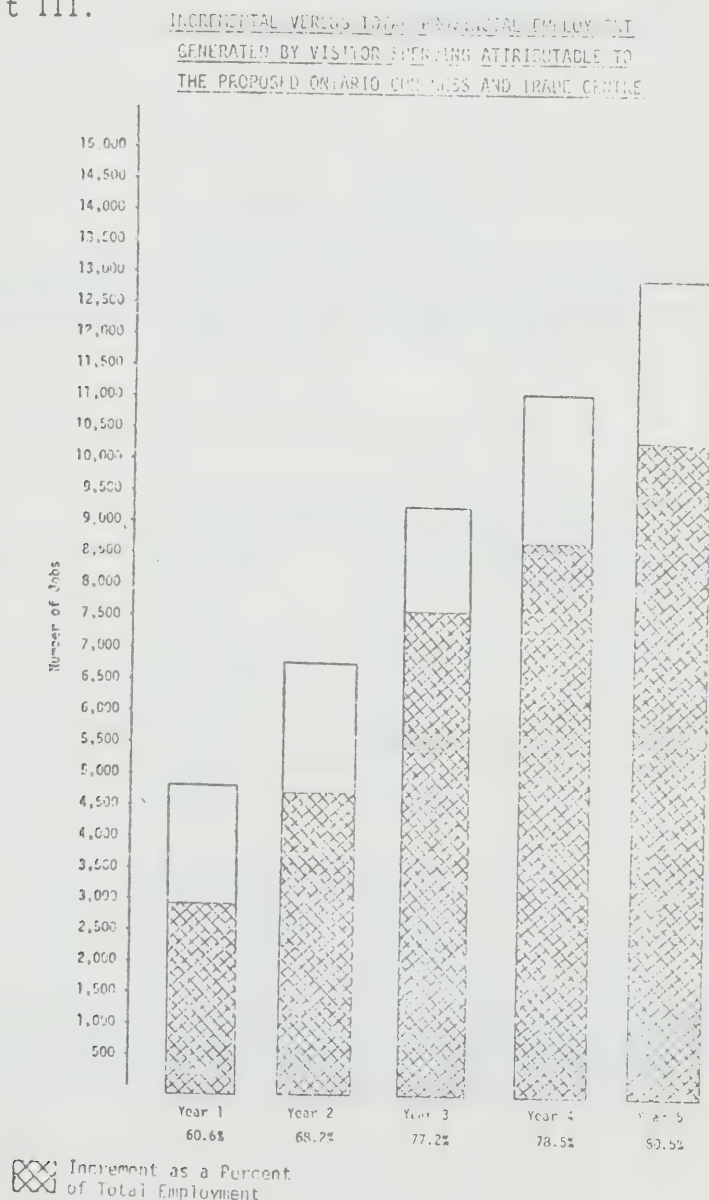
<u>Year After Opening</u>	<u>Metro</u>	<u>Rest of Ontario</u>	<u>Total Province of Ontario</u>
1	3,990	880	4,870
2	5,570	1,230	6,800
3	7,780	1,710	9,490
4	9,040	1,990	11,030
5	10,530	2,310	12,840
Average Distribution	82.0%	18.0%	100.0%

1/ Rounded. Employment shown is cumulative not additive.

Source: Econometric Research, Ltd.

Some of the employment would occur without the centre. As discussed previously, the centre is anticipated to book some local and non-local events which would likely occur in Toronto even without a centre. Exhibit III portrays the relationship between the growth of total employment as a result of the centre and incremental employment attributable to new business created as a result of the centre for the entire Province.

Exhibit III.



Source: Econometric Research, Ltd.

The incremental increase in employment generated in the Province attributable to the centre would constitute approximately 60.6 percent of the total provincial employment generated in the first year after the centre opens. Thereafter, it would grow to approximately 80.5 percent of the employment generated by visitors spending attributable to the proposed centre.

Taxes

Increased visitor spending as well as new employment would serve to generate increased tax revenues at the Federal, Provincial and Metropolitan levels. Tax revenues would flow from:

- Retail sale tax receipts
- Hotel occupancy taxes
- Corporate income and unincorporated business taxes
- Personal income taxes

In this analysis, tax revenues have been analyzed based on total regional income and spending patterns generated by delegate and exhibitor spending. Tax revenues have not been forecasted in terms of specific taxes but have been forecasted separately for each level of government which would participate in the prospective tax benefits. As shown in Table 27, total tax benefits would rise from approximately \$18.45 million in the first year to \$48.7 million at the end of a five year period after the centre opens.

Table 27.

ESTIMATED TAX REVENUES
TO ACCRUE AT THE FEDERAL, PROVINCIAL AND MUNICIPAL LEVELS
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Thousands of 1978 Dollars)

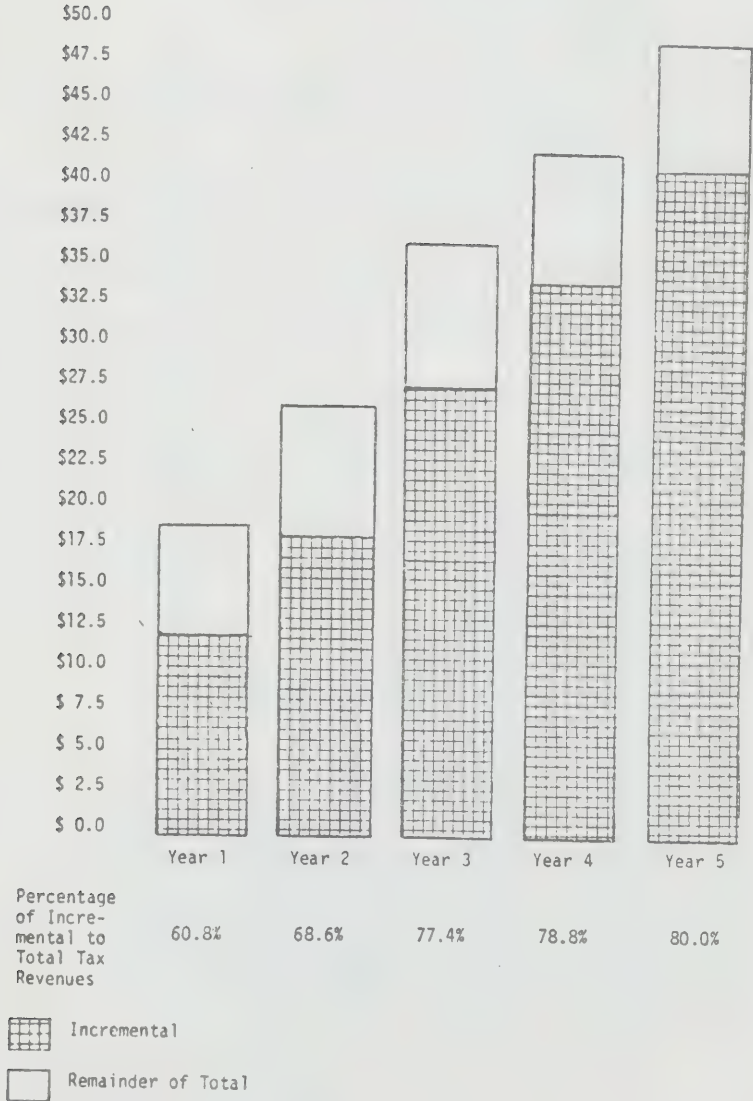
<u>Year After</u> <u>Opening</u>	<u>Federal</u>	<u>Provincial</u>	<u>Metro</u>	<u>Total</u>
1	\$11,996.0	\$ 6,121.1	\$333.8	\$18,450.9
2	\$16,736.0	\$ 8,539.7	\$455.7	\$25,741.4
3	\$23,356.8	\$11,917.5	\$650.0	\$35,924.4
4	\$27,143.7	\$13,849.6	\$755.3	\$41,748.6
5	\$31,683.2	\$16,119.9	\$879.1	\$48,682.2
Average Distribution ^{1/}	65.0%	33.2%	1.8%	100.0%

^{1/} Before redistribution by the Federal government to the Province and by the Province to local government.

Source: Econometric Research Limited.

Tax benefits would accrue in varying proportions to each level of government -- Federal, Provincial and Metro. As portrayed in Table 27, previously, the Federal Government would be the major receipient, realizing on average slightly more than 65 percent of the total tax revenues. The Province would

Exhibit IV. INCREMENTAL VERSUS TOTAL TAX REVENUES
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In Millions of 1978 Dollars)



Source: Econometric Research, Ltd.

then be the next largest recipient of tax revenues, receiving on annually 33.1 percent of tax revenues generated. Increased tax revenues to Metro Toronto are estimated to be more modest, approximately 1.8 percent of total tax revenues generated annually.^{1/}

As portrayed in Exhibit IV, only a portion of the total tax revenues generated as a result of the centre would be incremental -- a net increase above and beyond what might be experienced without the centre.

In the first year after opening, approximately \$11.2 million or 60.8 percent of the total tax revenues generated would be incremental. Thereafter, the incremental tax revenues would rise steadily in relationship to the overall increase in total tax revenues as well as greater share of tax revenues. By the fifth year of operation, an estimated 80.0 percent of the total tax revenues or approximately \$39.0 million would constitute the incremental increase in tax revenues to the Federal, Provincial and Metro levels.

3. Other Benefits

In addition to employment and tax revenues created by the proposed centre, it is likely that there would be other substantial spin-off benefits. Though not directly measurable at this time, it is likely that the centre would result in stimulating increased development activities near and surrounding the proposed site. Development would be principally commercial in nature and most probably would result in the development of at least one major hotel.

^{1/} Includes only property taxes. Estimated tax revenues are before redistribution by the Federal Government to the Province and before redistribution by the Province to local governments based on 1977 tax rates and structure.

Annual hotel occupancy in Metropolitan Toronto hotels has averaged in the 60 to 65 percent range in recent years. It is anticipated that once the centre is opened, occupancy rates in existing hotels would rise. As occupancy rates begin to rise, they trigger the development of new hotel rooms.

Conservatively, it is estimated that the net increase in visitors attending events booked at the centre could result in the creation of 2,000 to 3,000 new hotel rooms, based on the experience of other similar sized centres. These hotels, in turn, would generate additional tax revenues and employment, thereby, further increasing the magnitude of economic benefits which could accrue from the proposed centre.

CHAPTER V
FINANCIAL OPERATING OUTLOOK

CHAPTER V FINANCIAL OPERATING OUTLOOK

Considered in this chapter are the probable operating revenues and expenses of the proposed centre. Projections of operating revenues and operating expenses have been prepared to determine whether the centre is likely to incur an operating deficit or an operating surplus. Retirement of capital costs -- debt service -- is not directly considered in this chapter. An illustration of possible order of magnitude of annual financing cost, after the centre opens, has been included to estimate total carrying costs likely to be associated with the centre.

Projections of operating revenue and expenses are expressed in 1978 constant dollars (uninflated dollars). Projections are for Years 1, 3 and 5 after the centre opens. Revenue and expenses are projected on a line by line basis.

The basis for estimating revenues has been the events anticipated to be "booked" into the centre as presented in Chapter II. Rental pricing and other sources of revenue have been based on current competitive rates in Toronto at the TICC and the CNE, competitive pricing levels at comparable U.S. convention centres and other facility rates in Toronto. Projections of operating costs have been prepared using the experience of major comparable U.S. convention centres, adjusted to prevail-
int local conditions.

1. Projected Operating Revenues and Expenses

Analysis of the centre's expected booking level and revenue sources against estimated operating cost indicates that it is likely the centre

would operate below a break even position, even after reaching normalized occupancy in the 5th year. A net operating deficit has been projected to normalized occupancy as follows:

<u>Year</u>	<u>Projected Revenue</u>	<u>Projected Operating Expenses</u>	<u>Net Operating Income Surplus/(Deficit)</u>
1	\$ 904,000	\$1,768,600	(\$ 864,600)
3	\$1,423,000	\$2,174,200	\$ 650,200,
5	\$2,008,300	\$2,238,000	(\$ 229,700)

After normalized booking is reached, net operating income could improve or diminish, depending on the level of bookings achieved. It is likely that in some years a net operating profit could be realized, although the frequency of operating at break even or better is likely to be modest.

Table 28 presents a line-by-line projection of operating revenues and expenses for Years 1, 3 and 5 after the centre opens. As shown in Table 28 net operating costs are expected to build-up from approximately \$.86 million in the first year of operation to slightly over \$2.2 million by the fifth year of operation.

Rental income from leasing exhibit space to local and non-local users is the major revenue source of the centre. This revenue source would constitute 42 percent of the total revenue stream in Year 1 and build to 48 percent by Year 5. Other operating revenue, catering commissions, parking, exhibit utility services and miscellaneous are projected to increase at the same rate relative to the level of bookings achieved by the centre.

In contrast to the build-up in operating revenues, operating expenses are anticipated to represent a substantially higher portion of fixed costs from the first year of operation. Wages and salaries constitute the major

Table 28.

PROJECTED REVENUES AND OPERATING EXPENSES ^{1/}
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE
(In 1978 Canadian Dollars)

<u>Revenues</u>	<u>Year</u>		
	<u>1</u>	<u>3</u>	<u>5</u>
Rental Income:			
Admissions	\$ 106,000	\$ 151,000	\$ 223,000
Exhibit Hall Rental	\$ 278,000	\$ 545,000	\$ 746,000
Subtotal	\$ 384,000	\$ 696,000	\$ 969,000
Catering Commission	\$ 186,000	\$ 260,000	\$ 372,000
Parking	\$ 167,200	\$ 234,000	\$ 334,300
Exhibit Utility Services	\$ 120,000	\$ 168,000	\$ 240,000
Miscellaneous	\$ 47,000	\$ 65,000	\$ 93,000
Total Revenues	\$ 904,000	\$1,423,000	\$2,008,300
<u>Operating Expenses</u>			
Salaries and Wages	\$ 901,600	\$1,159,200	\$1,288,000
Overtime	\$ 35,000	\$ 45,000	\$ 50,000
Regular Operating:			
Supplies	\$ 165,000	\$ 165,000	\$ 165,000
Repairs-Modifications	\$ 20,000	\$ 20,000	\$ 20,000
Utilities	\$ 217,000	\$ 279,000	\$ 310,000
Insurance	\$ 65,000	\$ 65,000	\$ 65,000
Advertising-Promotion	\$ 75,000	\$ 75,000	\$ 75,000
Miscellaneous	\$ 105,000	\$ 75,000	\$ 75,000
Subtotal	\$ 642,000	\$ 710,000	\$ 710,000
Equipment (Purchase-Replacement)	\$ 60,000	\$ 60,000	\$ 60,000
Contractual Services:			
Elevator-Escalator	\$ 20,000	\$ 20,000	\$ 20,000
Air Conditioning-Heating	\$ 10,000	\$ 10,000	\$ 10,000
Uniforms	\$ 18,000	\$ 18,000	\$ 18,000
Trash Removal	\$ 12,000	\$ 12,000	\$ 12,000
Other	\$ 8,000	\$ 8,000	\$ 8,000
Subtotal	\$ 68,000	\$ 68,000	\$ 68,000
Communications	\$ 22,000	\$ 22,000	\$ 22,000
Travel	\$ 15,000	\$ 15,000	\$ 15,000
Publications and Printing	\$ 10,000	\$ 10,000	\$ 10,000
Legal Fees	\$ 15,000	\$ 15,000	\$ 15,000
Total Expenses	<u>1,768,600</u>	<u>2,073,200</u>	<u>\$2,238,000</u>
<u>Net Operating Income</u>			
Surplus (Deficit) ^{1/}	(\$ 864,600)	(\$ 650,200)	(\$ 229,700)

^{1/} Before Debt Service.

Source: Frank Wolman Associates and Gladstone Associates.

Note: Interpretations of revenues and expenses presented on this table requires reading the accompanying text and transmittal letter. December, 1978.

operating expense of the centre -- approximately 50 percent. It is likely that the centre will incur a high degree of fixed costs from the day of opening in order to present a well managed, marketable and competitive centre.

A detailed explanation of projected operating revenues and expenses is set forth in the latter section of this chapter. Projected revenues and expenses for the proposed centre are in line with the experience of other major competitive centres in the U.S. and Canada. Table 29 below represents the operating experience (revenue and expenses) of three comparable convention centres. Each of these centres, according to their most recently available annual reports, operates at a deficit before debt service.

Table 29.

ANNUAL REVENUE AND EXPENSES
COMPARABLE U.S. CONVENTION CENTRES

	<u>St. Louis Convention And Exhibition Center</u>	<u>Dallas Convention Center^{2/}</u>	<u>Georgia World Congress Center^{3/}</u>
Revenues	\$ 670,000	\$ 1,816,000	\$ 1,997,992
Expenses	<u>1,300,000</u>	<u>2,381,000</u>	<u>2,706,111</u>
Net Operating Income (Surplus/Deficit)	\$ (630,000) ^{1/}	\$ (684,000)	\$ (708,119)

^{1/} Fiscal year ending June 30, 1978

^{2/} Estimated based on previous year performance

^{3/} Fiscal year 1977, less \$500,000 state appropriation

Source: Gladstone Associates analysis of financial reports of these centres.

Centre managers indicate that the depth of an operating deficit is controllable to a limited extent. Generally most costs in a centre are fixed, i.e. do not change appreciably with increases or decreases in bookings. However, as bookings increase to where a centre books plus 55 events a year, the net operating deficit begins to diminish.

Unlike the Canadian National Exposition and the Toronto International Centre of Commerce, the proposed centre is anticipated to book a wide mix of events: local entertainment activities, local public shows and non-local conventions, trade shows and large meetings. In order to maintain a competitive position, comparable to major U.S. convention centres as well as other convention centres now under consideration in Canada, the Ontario Congress and Trade Centre would offer catering, exhibit utility services, equipment rental and special labor services as well as contain a modest amount of retail space. Accordingly, it is expected that the centre would be differentiated from existing local exhibit space facilities. To maintain this difference as well as be competitive in attracting major U.S. conventions and trade shows, it is likely the centre would not operate at a break even point.

2. Financial Carrying Costs

A specific financing analysis for the centre has not yet been prepared. At this time there are a number of alternatives which are to undergo review on a financing plan for the centre. Accordingly, a detailed analysis of the financing for the proposed centre has not been prepared as part of this study.

To provide an order of magnitude estimate of the total annual carrying cost associated with the centre, an illustrative calculation of annual debt service on the capital cost of the facility has been prepared.

Based on conventional public financing, it is likely that an annual financing cost of \$6.4 million, as presented in the following calculation, would be incurred.

ESTIMATED ANNUAL DEBT SERVICE
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

Estimated Capital Costs to be Financed ^{1/}	\$57 Million
Estimated Interest Rate and Term	10.325% for 21 years
Annual Debt Service ^{2/}	\$6.5 Million

1/ Parkin Partnership.

2/ Sinking fund, non-callable bonds for the first 10 years

Source: Frank Wolman Associates and Gladstone Associates

Adding the estimated net operating deficit of the centre, total carrying costs for the centre could amount to \$6.6 to \$6.7 annually.

3. Projected Operating Revenues

Five basic revenue sources are anticipated to be available to the proposed centre: (1) exhibit space rental income, (2) catering commissions, (3) parking fees (4) exhibit utility services and (5) miscellaneous revenue from rental of equipment and retail space in the centre. Calculations for each revenue source have been prepared separately. Revenue projections have been based on:

- Prevailing space rental practices in Toronto hotels, entertainment and exhibition facilities.
- Competitive rental rates in major U.S. comparable convention centres.
- A specific analysis prepared for the centre based on the operating performance of the Georgia World Congress Center in Atlanta, Georgia.

1/ Parkin Partnership estimate, excludes land acquisition costs.

2/ At 11.24 percent, retirement of principal and interest with semi annual payments.

Exhibit Space Rental Income

Exhibit space rental income is anticipated to be of two types: (1) for local events, admission revenue from public shows and entertainment events, pegged to a percentage of the gate and (2) for non-local events, rental income directly from conventions, trade shows and large meetings based on the amount of square footage leased.

Local Events. As defined previously, local events are of two kinds: (1) entertainment activities (e.g. rock concerts) which require portable seating and (2) public shows which require the exhibit area and are generally open to the public for several days. In principal, rental pricing is expected to be pegged to the same formula: A guaranteed minimum or a percentage of the gross gate revenues. This formula has been analyzed in terms of competitive costs at other facilities in metro Toronto as well as industry practices elsewhere in Canada and The United States.

Table 30.

COMPARISON OF RENTAL COSTS FOR PUBLIC SHOWS AND ENTERTAINMENT AT LOCAL TORONTO FACILITIES

	Public Shows		Entertainment
	<u>TICC</u>	<u>CNE</u>	<u>Maple Leaf Gardens</u>
Flat Rental Rate	\$0.6/nsf per day	\$0.04/nsf per day	\$25,000
or Percentage of The Gate	not practiced	not practiced	25%
Average Cost ^{1/} Per Event	\$9,000	\$6,000	\$12,000-\$13,000

^{1/} At 6 day per event including set-up and tear down time.

Source: Gladstone Associates Survey, September 1978.

As shown in Table 30, there is no common practice in pricing rental costs in Toronto. As proposed, the centre's operation would include in-house services such as cleaning, building security and utilities. These are generally an add-on at existing facilities in Toronto. Moreover, in light of the random pricing patterns for local public shows and entertainment, a more common U.S. practice has been chosen as a basis to estimate rental revenue from local public events. On average, major comparable convention centres in the U.S. charge a minimum rate based on the amount of exhibit hall space used with the option to participate in gate revenues (admissions). For this analysis a rate of 15 percent of gross ticket revenue has been used to estimate rental revenue from local public shows. This is consistent with the pricing practices at the Georgia World Congress Center and the St. Louis Convention and Exhibition Center, two centres which recently opened and are regarded as highly successful.

Non-Local Events. Pricing of rental rates for local events differs from non-local events. Pricing is based on the amount of net square feet of exhibit space leased in the centre.

Currently, the practice at existing facilities in Toronto -- TICC and Exhibition Place -- is to charge a rental rate per day for the duration of the exhibit. Table 30, below, presents current rental rates at the TICC and Exhibition Palace as well as major convention oriented hotels.

Table 30. EXHIBIT SPACE RENTAL COSTS FOR NON-LOCAL EVENTS
AT EXISTING TORONTO FACILITIES

	<u>TICC</u>	<u>Exhibition Place</u>	<u>Major Toronto Hotels</u>
Basic Rental Rate	\$0.06/nsf per day	\$0.04/nsf per day	\$5,000 per day
Average Cost for a Non-Local Event	\$18,000 ^{1/}	\$12,000 ^{1/}	\$15,000 ^{2/}

^{1/} Requiring 50,000 net square feet of space and leasing the centre for 6 days, including set-up and tear down days.

^{2/} Rental rate per show days, set-up and tear down not included.

Source: Gladstone Associates Survey, September 1978.

While the actual practice of pricing exhibit space varies among the major existing Toronto exhibition facilities, overall costs to a non-local event falls within the range of \$12,000 to \$18,000. A key difference in exhibit space rental costs is the level of services provided. Both TICC and Exhibition Place rent exhibit space and then add other charges for exhibit contracting services, custodial services, security services and the like. In contrast, exhibit space rental costs in major hotels is usually inclusive of these costs.

Compared to U.S. convention centres, exhibit space rental pricing varies. A more common practice at major comparable convention centres in the U.S. is to price rental costs per event, including an amount for set-up and tear down days. Table 31 below summarizes current exhibit space rental costs at several major U.S. comparable centres.

Table 31.

EXHIBIT SPACE RENTAL RATES
COMPETITIVE U.S. CONVENTION CENTRES
(U.S. Dollars)

<u>Name/Location</u>	<u>Exhibit Space Rental Rate</u>
Georgia World Congress Center/ Atlanta, Georgia	\$ 0.40 N.S.F.
St. Louis Convention and Exhibition Center/St. Louis, Mo.	\$ 0.30 N.S.F.
McCormick Place/ Chicago, Illinois	\$ 0.65 N.S.F.
Anaheim Convention Center/ Anaheim, California	\$ 0.48 N.S.F.
Dallas Convention Center/ Dallas, Texas	\$ 0.36 N.S.F.
Los Angeles Convention and Exhibition Center/ Los Angeles, California	\$ 0.48 N.S.F.

1/ Per event, including set-up and tear down.

Source: Gladstone Associates Survey.

For this analysis, a rate of \$.50 per net square foot of exhibit space has been applied. This rate is "competitive" with comparable U.S. centres and is in line with costs of local facilities such as TICC and Exhibition Place at the CNE.

Projected Revenue. Table 32, below, summarizes the basis for projecting revenue to be derived for renting exhibit space at the centre.

Table 32. PROJECTED EXHIBIT RENTAL INCOME
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTER
(In 1978 Constant Canadian Dollars)

<u>Local</u>	Year		
	<u>1</u>	<u>3</u>	<u>5</u>
Public Shows <u>1/</u>	\$ 36,000	\$ 65,000	\$ 87,000
Entertainment <u>2/</u>	\$ 79,000	\$ 86,000	\$136,000
<u>Non-Local Canadian Sponsored</u>			
Conventions <u>3/</u>	\$ 3,000	\$ 9,000	\$ 22,000
Trade Shows <u>4/</u>	\$ 62,000	\$100,000	\$187,000
Large Meetings <u>5/</u>	-	\$ 16,000	\$ 16,000
<u>U.S. Sponsored</u>			
Conventions <u>6/</u>	\$213,000	\$399,000	\$452,000
Trade Shows <u>7/</u>	-	\$ 16,000	\$ 47,000
Large Meetings <u>8/</u>	-	\$ 5,000	\$ 22,000
Total Space Rental	\$384,000	\$696,000	\$969,000

1/ At an average attendance of 35,000 per event and an average ticket price of \$2.75 times 15% of the gate.

2/ At an average attendance of 6,500 per event and an average ticket price of \$8.00 times 15% of the gate.

3/ At an average rental of 12,000 n.s.f. per event times \$.50 per n.s.f.

4/ At an average rental of 50,000 net square feet per event times \$.50 per n.s.f.

5/ At an average rental of 21,300 n.s.f. per event times \$.50 per n.s.f.

6/ At an average rental of 53,200 n.s.f. per event times \$.50 per n.s.f.

7/ At an average rental of 62,700 n.s.f. per event times \$.50 per n.s.f.

8/ At an average rental of 22,000 n.s.f. per event times \$.50 per n.s.f.

Source: Frank Wolman Associates and Gladstone Associates.

Catering Commission Revenue

In calculating catering commissions, gross food and beverage sales of \$1,862,000 per year has been used. This is the average of four U.S. convention centres as follows:

<u>Name of Centre</u>	<u>Catering Sales</u>
Dallas	\$1,937,000
Los Angeles	\$1,400,000
Anahiem	\$2,100,000
Atlanta	\$2,010,000
Average	\$1,862,000

Source: Gladstone Associates Survey.

Adjusted to centre occupancy levels as follows:

	<u>Occupancy Level</u>	<u>Estimated Food and Beverage Revenue (1978 Dollars)</u>
Year 1	50%	\$ 931,000
Year 2	70%	\$1,303,400
Year 5	100%	\$1,862,000

A commission of 20% of gross sales has been used in estimating catering commission revenue remitted to the centre. This rate is consistent with the range of rates in use in the four U.S. cities analyzed.

Parking Revenue

Parking revenue to accrue to the centre is on a shared capital contribution to the Toronto Parking Authority (TPA).^{1/} In return for a contribution

^{1/} Parkin Partnership formula.

of \$6 million by the centre, for the capital cost of parking (1300 spaces @ \$4,500 per car) the Toronto Parking Authority would expect a lease for the car parking. This lease would be similar to others in the city and would return revenues to TPA proportional to their share of capital costs. Revenue has been estimated by the Parkin Partnership at \$936,000/year = 1300 cars @ \$2.40/space per day @300 days.

Actual contribution to capital cost of parking would be:

	<u>Amount</u>	<u>Percent</u>
Capital Cost of Structured Parking/Car	<u>\$7,000</u>	<u>100.0%</u>
Capital Cost of Contribution by TPA	\$4,500	64.3%
Capital Cost of Contribution by Centre/Car	\$2,500	35.7%

Sharing of revenues would be as follows:

Pro-rated Revenues to TPA	$\$936,000 \times 64.3\% = \$601,700$
Pro-rated Revenues to Centre	$\$936,000 \times 35.7\% = \$334,300$

The revenue stream to the centre has been further adjusted in relation to the expected build-up in occupancy as follows:

<u>Occupancy</u>	<u>Parking Revenue</u>
Year 1 50%	\$167,200
Year 3 70%	\$234,000
Year 5 100%	\$334,300

Exhibit Utility Services

It is assumed that the centre would operate utility services as an internal function and would retain all gross revenues from this operation. Gross income would be approximately \$240,000.^{1/}

^{1/} Estimated by the management of the Georgia World Congress Center.

Miscellaneous

Income from equipment rental and special labor services, etc., is estimated to be \$43,000 at normalized occupancy.^{1/} In addition, a modest amount of retail space -- 5,000 S.F. -- is programmed for the centre. Combined, these are estimated to be \$93,000 at normalized occupancy. Similar to other projections of revenue, miscellaneous revenue has been projected in relation to the expected build-up in occupancy.

4. Projected Operating Expenses

Because the centre is not definitive in design or management approach, the management of the Georgia World Congress Center, Atlanta, Georgia, was retained to assist in estimating operating expense. The management of the Georgia World Congress Center provided a series of baseline estimates. These have been adjusted to prevailing local conditions.

Operating expenses have been projected in the following major categories: (1) wages and salaries, (2) regular operating expenses, (3) equipment, (4) contractual services, (5) communications, (6) travel, (7) publications and printing and (8) legal.

Wages and salaries have been estimated at an average of \$14,000 per year per employee. This breaks down to an average of \$12,000 per year in direct wages and salaries and an additional 17 percent (\$2,000) in fringe benefits. This wage and salary level has been compared to the actual experience of the Winnipeg Convention Centre and prevailing wages by type of employment anticipated and found to be in line.

^{1/} Estimated by the management of the Georgia World Congress Center.

Employment in the centre is estimated to 92 full time jobs as follows:

General Manager's Office	6 persons
Public Relations	8 persons
Accounting	6 persons
Operations	40 persons
Building Superintendent	32 persons
	<hr/>
	92 persons

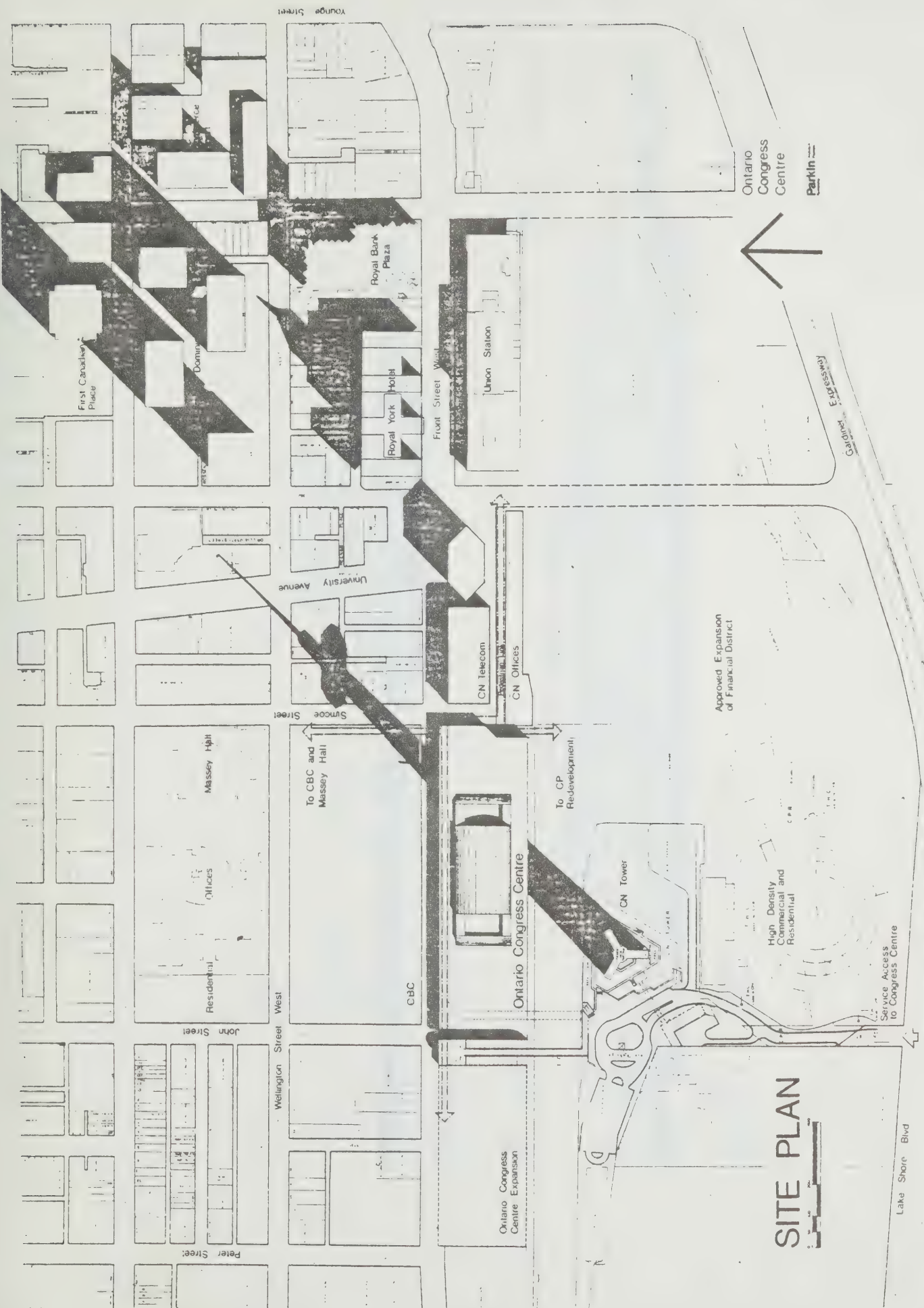
It is expected that the centre would require nearly full staffing from the outset of operation. This is to permit the centre to be well-marketed, well-maintained and well-managed during the initial years of operation -- prior to reaching normalized occupancy in the 5th year after opening. For this analysis a staff loading as follows has been projected.

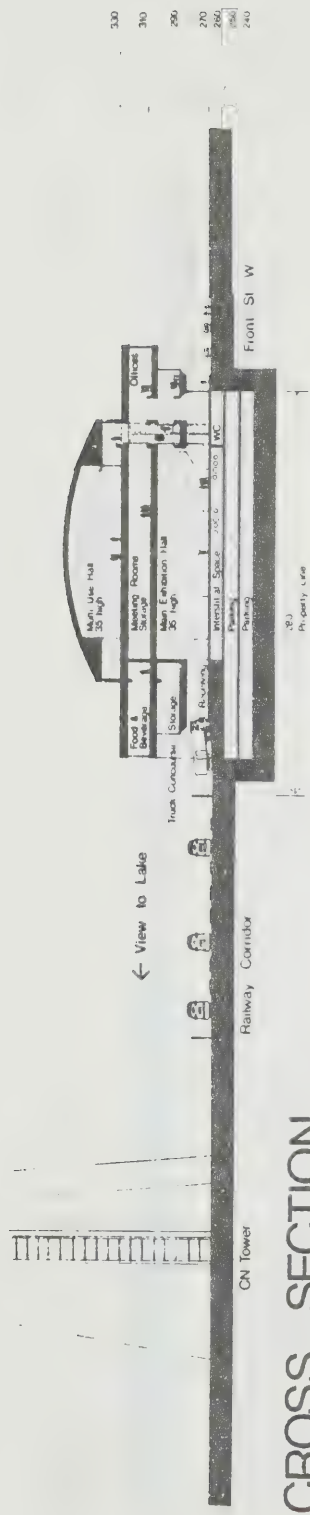
<u>Year</u>	<u>Percent Of Full Staffing</u>	<u>Number Of Employees</u>
1	70%	64
3	90%	83
5	100%	92

Most other expenses have been projected at a constant level from the first year of operation. Table 28, previously presented offers a line by line projection of operating expenses. No major modifications have been made to the estimates provided by the management of the Georgia World Congress Center. Cross checks have been made in several expensive categories and adjusted upward. These include insurance and promotion. Under promotion it is anticipated that the centre would initiate and conduct marketing efforts jointly with the Metropolitan Toronto Convention and Visitors Bureau.

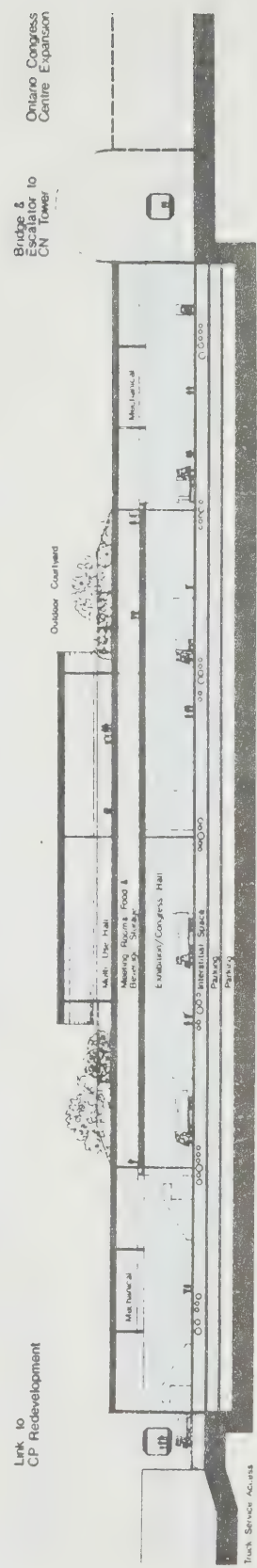
APPENDIX A

PROPOSED SITE AND DESIGN
THE ONTARIO CONGRESS AND TRADE CENTRE





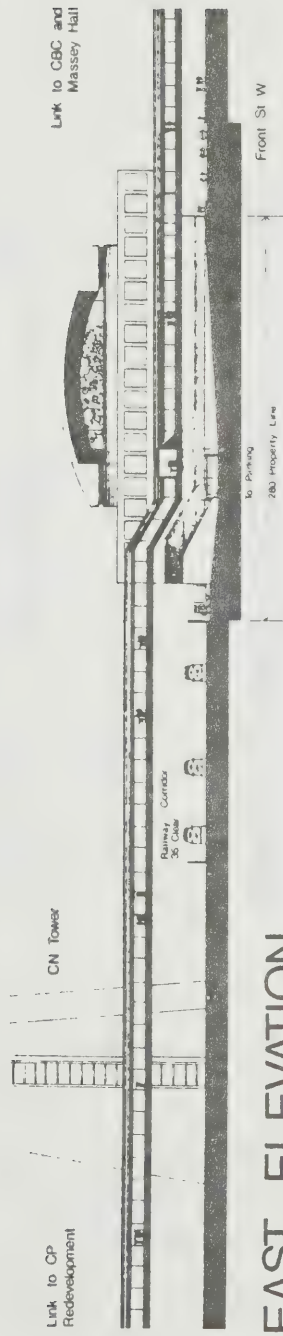
CROSS SECTION



LONGITUDINAL SECTION

Ontario Congress Centre

Parkin



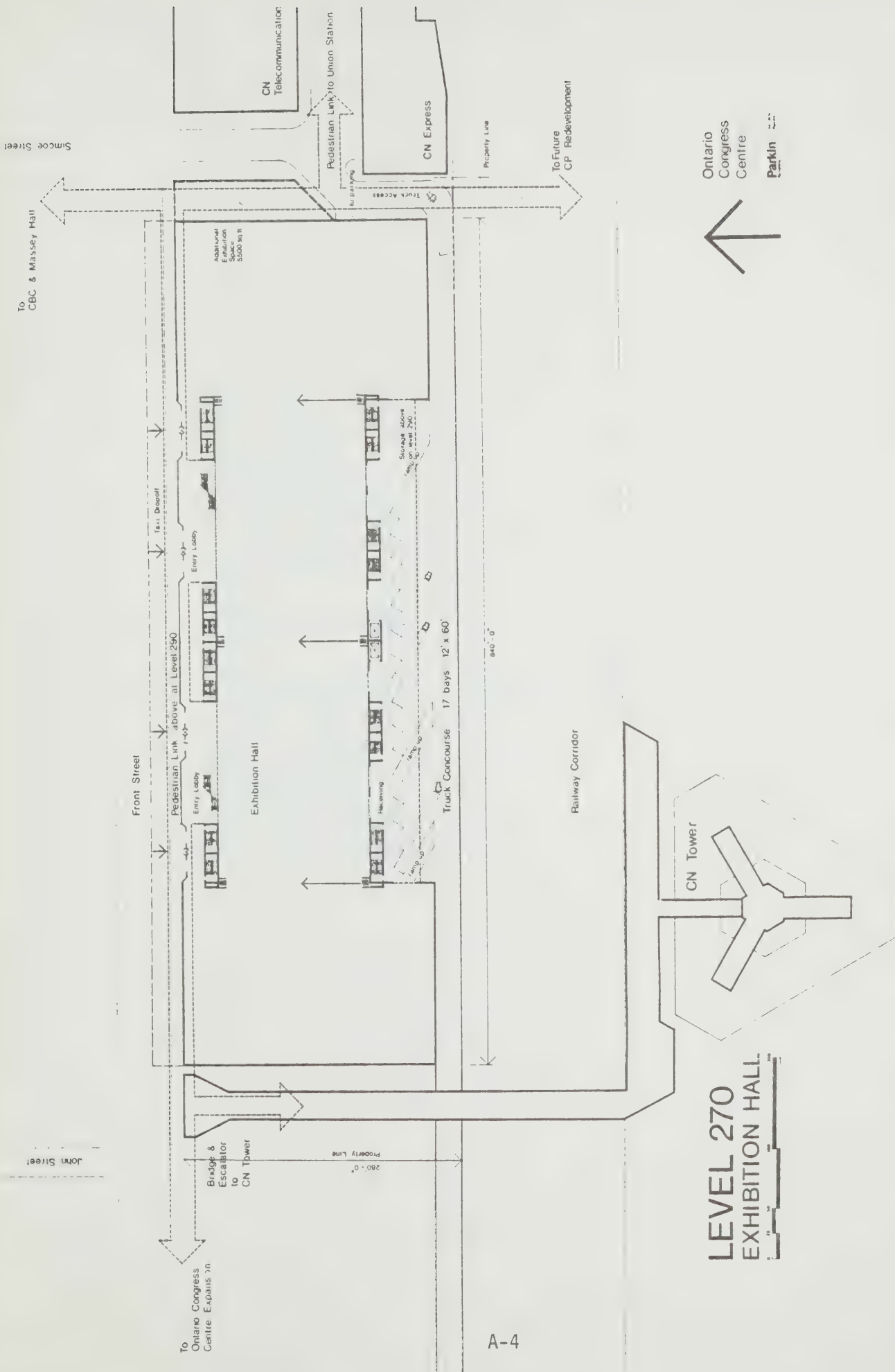
EAST ELEVATION



NORTH ELEVATION

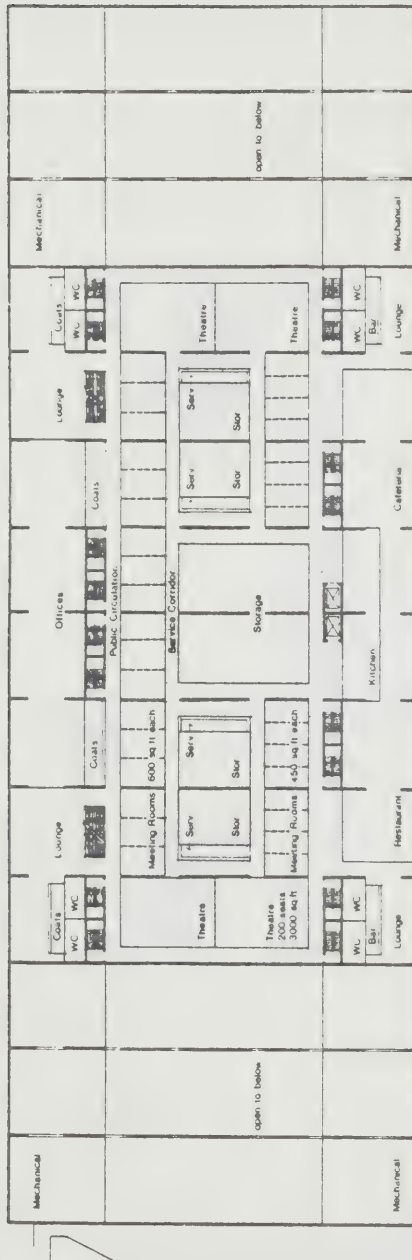
Ontario Congress Centre

Parkin



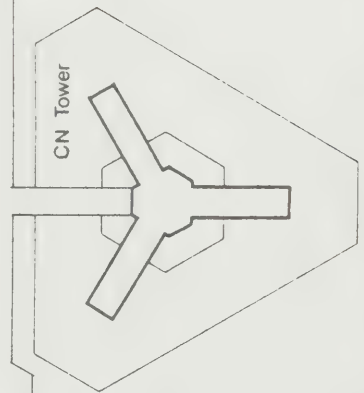
LEVEL 270 EXHIBITION HALL

Ontario
Congress
Centre
Parkin



View to Lake

Railway Corridor



CN Tower

**LEVEL 310
MEETING ROOMS**



Ontario
Congress
Centre
Parkin





APPENDIX B

ECONOMIC IMPACT OF THE CENTRE

ESTIMATED ECONOMIC IMPACT OF
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

- Metro Toronto
- Rest of the Province of Ontario
- Entire Province of Ontario

ESTIMATED ECONOMIC IMPACT ON METRO TORONTO
ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE
(Income in Thousands of Dollars)

Expenditure Category	Year 1		Year 2		Year 3		Year 4		Year 5	
	Income	Employment	Income	Employment	Income	Employment	Income	Employment	Income	Employment
Public Transportation	\$11,073	590	\$15,354	819	\$21,293	1,136	\$24,545	1,309	\$ 28,324	1,511
Accommodation	\$13,219	1,624	\$18,446	2,267	\$25,752	3,165	\$30,015	3,689	\$ 35,034	4,306
Food and Beverage	\$ 9,393	1,154	\$13,143	1,615	\$18,396	2,261	\$21,419	2,632	\$ 24,983	3,070
Amusement and Recreation	\$ 2,103	148	\$ 2,944	207	\$ 4,123	390	\$ 4,801	338	\$ 3,601	395
Service Station	\$ 1,302	88	\$ 1,827	124	\$ 2,564	174	\$ 2,999	203	\$ 3,517	238
Retail Sales	\$ 4,965	383	\$ 6,942	535	\$ 9,709	749	\$11,283	870	\$ 13,134	1,013
Total	\$42,057	3,990	\$58,658	5,569	\$81,839	7,776	\$95,064	9,044	\$110,596	10,535

Source: Econometrics Research, Ltd.

ESTIMATED ECONOMIC IMPACT ON THE REST OF THE PROVINCE OF ONTARIO
ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE
(Income in Thousands of Dollars)

<u>Expenditure Category</u>	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>		<u>Year 5</u>	
	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>
Public Transportation	\$ 7,567	270	\$10,496	374	\$14,556	519	\$16,779	599	\$19,362	691
Accommodation	\$ 6,418	237	\$ 8,957	330	\$12,504	461	\$14,574	538	\$17,012	628
Food and Beverage	\$ 4,561	168	\$ 6,381	235	\$ 8,933	329	\$10,400	384	\$12,131	448
Amusement and Recreation	\$ 1,437	51	\$ 2,012	71	\$ 2,818	100	\$ 3,282	117	\$ 3,829	136
Service Station	\$ 890	31	\$ 1,249	44	\$ 1,753	62	\$ 2,050	73	\$ 2,404	85
Retail Sales	\$ 3,394	121	\$ 4,746	169	\$ 6,637	237	\$ 7,713	275	\$ 8,978	320
Total	\$24,272	880	\$33,843	1,227	\$47,203	1,712	\$54,801	1,987	\$63,718	2,311

Source: Econometrics Research Ltd.

ESTIMATED ECONOMIC IMPACT ON THE PROVINCE OF ONTARIO
ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE

(Income in Thousands of Dollars)

Expenditure Category	Year 1		Year 2		Year 3		Year 4		Year 5	
	Income	Employment	Income	Employment	Income	Employment	Income	Employment	Income	Employment
Public Transportation	\$18,642	860	\$25,850	1,193	\$35,849	1,655	\$41,324	1,908	\$47,686	2,202
Accommodation	\$19,637	1,861	\$27,403	2,597	\$38,256	3,626	\$44,589	4,227	\$52,046	4,934
Food and Beverage	\$13,954	1,322	\$19,524	1,850	\$27,329	2,590	\$31,819	3,016	\$37,114	3,518
Amusement and Recreation	\$ 3,540	199	\$ 4,956	278	\$ 6,941	390	\$ 8,083	455	\$ 9,430	531
Service Station	\$ 2,192	119	\$ 3,076	168	\$ 4,317	236	\$ 5,049	276	\$ 5,921	323
Retail Sales	\$ 8,359	504	\$11,688	704	\$16,346	986	\$18,990	1,145	\$22,112	1,333
Total	\$66,329	4,870	\$92,501	6,796	\$129,042	9,488	\$149,865	11,031	\$174,314	12,846

13

Source: Econometrics Research Ltd.

ESTIMATED INCREMENTAL ECONOMIC IMPACT OF
THE PROPOSED ONTARIO CONGRESS AND TRADE CENTRE

- Metro Toronto
- Rest of the Province of Toronto
- Entire Province of Toronto

ESTIMATED INCREMENTAL ECONOMIC IMPACT ON METRO TORONTO
ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE
(Income in Thousands of Dollars)

<u>Expenditure Category</u>	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>		<u>Year 5</u>	
	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>	<u>Income</u>	<u>Employment</u>
Public Transportation	\$ 7,021	325	\$11,023	588	\$17,296	922	\$20,427	1,090	\$24,164	1,289
Accommodation	\$ 7,914	972	\$12,459	1,531	\$19,618	2,411	\$23,236	2,356	\$27,521	3,382
Food and Beverage	\$ 5,643	693	\$ 8,861	1,089	\$14,050	1,726	\$16,605	2,041	\$19,625	2,412
Amusement and Recreation	\$ 1,269	89	\$ 1,990	140	\$ 3,139	221	\$ 3,709	261	\$ 4,393	310
Service Station	\$ 769	52	\$ 1,215	82	\$ 1,918	130	\$ 2,271	154	\$ 2,687	182
Retail Sales	\$ 2,995	231	\$ 4,733	365	\$ 7,481	577	\$ 8,827	681	\$10,431	804
Total	\$25,614	2,414	\$40,284	3,797	\$63,504	5,989	\$75,077	7,084	\$88,823	8,381

Source: Econometrics Research Ltd.

ESTIMATED INCREMENTAL ECONOMIC IMPACT ON THE REST OF THE PROVINCE OF ONTARIO

ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE

(Income in Thousands of Dollars)

Expenditure Category	Year 1		Year 2		Year 3		Year 4		Year 5	
	Income	Employment	Income	Employment	Income	Employment	Income	Employment	Income	Employment
Public Transportation	\$ 4,799	171	\$ 7,535	269	\$11,820	422	\$13,964	498	\$16,518	589
Accommodation	\$ 3,843	141	\$ 6,049	223	\$ 9,526	351	\$11,283	416	\$13,363	493
Food and Beverage	\$ 2,740	101	\$ 4,303	158	\$ 6,822	252	\$ 8,063	297	\$ 9,529	352
Amusement and Recreation	\$ 867	30	\$ 1,360	48	\$ 2,146	76	\$ 2,535	90	\$ 3,003	107
Service Station	\$ 525	18	\$ 830	29	\$ 1,311	46	\$ 1,553	55	\$ 1,837	65
Retail Sales	\$ 2,047	73	\$ 3,235	115	\$ 5,114	182	\$ 6,034	215	\$ 7,130	254
Total	\$14,825	537	\$23,316	845	\$30,523	1,331	\$43,433	1,574	\$51,383	1,863

B
1
5

Source: Econometrics Research Ltd.

ESTIMATED INCREMENTAL ECONOMIC IMPACT ON THE PROVINCE OF ONTARIO
 ATTRIBUTABLE TO THE PROPOSED CONVENTION CENTRE
 (Income in Thousands of Dollars)

Expenditure Category	Year 1		Year 2		Year 3		Year 4		Year 5	
	Income	Employment	Income	Employment	Income	Employment	Income	Employment	Income	Employment
Public Transportation	\$11,820	546	\$18,558	857	\$29,116	1,344	\$34,391	1,588	\$40,682	1,978
Accommodation	\$11,757	1,113	\$18,508	1,754	\$29,144	2,762	\$34,519	3,272	\$40,884	3,875
Food and Beverage	\$ 8,383	794	\$13,164	1,247	\$20,872	1,978	\$24,668	2,338	\$29,154	2,764
Amusement and Recreation	\$ 2,136	119	\$ 3,350	188	\$ 5,285	297	\$ 6,244	351	\$ 7,390	417
Service Station	\$ 1,294	70	\$ 2,045	111	\$ 3,229	176	\$ 3,824	209	\$ 4,524	247
Retail Sales	\$ 5,042	304	\$ 7,968	480	\$12,595	759	\$14,891	896	\$17,561	1,058
Total	\$40,432	2,946	\$63,593	4,637	\$100,241	7,316	\$118,507	8,654	\$140,201	10,239

up
on

Source: Econometrics Research Ltd.

